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NATIONAL FOOD Situation

ECONOMIC RESEARCH SERVICE

U.S. DEPARTMENT OF AGRICULTURE

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The *National Food Situation* is published in March, June, September, and December.

National Economic Analysis Division
Economic Research Service

U.S. Department of Agriculture
Washington, D.C. 20250

NATIONAL FOOD SITUATION

With this 159th issue, the *National Food Situation* begins a journey into some new waters. Started during World War II to report on the state of the Nation's food supplies, the demand for food, and food prices, we now add to that coverage other food-related developments of interest to consumer affairs professionals. ERS's monthly *Agricultural Outlook* provides more timely information on the food supply, demand and price situation. The *National Food Situation* will provide a quarterly analysis of the food situation and outlook. A look at this page gives a picture of the direction the NFS is moving. Special articles will report results of ERS research of interest to consumers. A significant portion will deal with the results of ERS's continuing consumer survey. Regular departments will cover developments in marketing, USDA rule-making, legislative developments, consumer research developments, and perspectives on new and old topics.

IN THIS ISSUE

Page

Food Situation and Outlook 5
Food Prices and Consumption—Larry Summers and Tony Gallo summarize recent developments in food prices, consumption and supplies, and the outlook for 1977. *Food Spending and Income and Domestic Food Programs* are discussed by Fredericka Bunting. Consumer expenditures for food once again are increasing at a slower rate than income. Participation in the Food Stamp Program declined with smaller unemployment.

Marketing Developments 19
Brief reports of what is going on in food markets—who sells food—automated checkout in food stores—consumer buying clubs. Compiled by Alden C. Manchester.

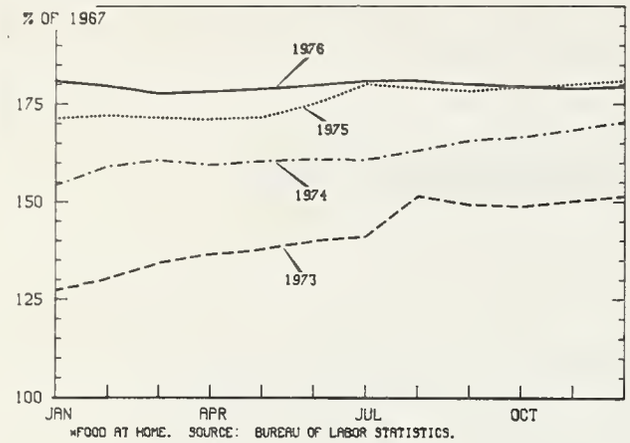
Consumer Research Developments 24
Reports by Judith Jones on the effects of health concerns on the diet and by Richard Smith and Susan Cobb on household energy adjustments use information from a nationwide household survey in April 1976 of 1,400 households. Charles Handy and Christine Hager report on changes in consumer satisfaction with food products and services from a separate survey of 1,358 households in April 1976. Brief reports on other surveys and research include the USDA Household Food Consumption Survey, the BLS Consumer Expenditures Survey and the Nutrition Knowledge Survey of the Food and Drug Administration.

Perspectives 34
Brief reports to put in perspective developments in consumption of food and other matters. Compiled by Alden C. Manchester.

Developments in Consumer Legislation 37
Evelyn Kaitz summarizes the bills introduced in the new Congress dealing with food and its many aspects.

USDA Actions 39
Rulemaking and other actions by USDA agencies of interest to consumers.

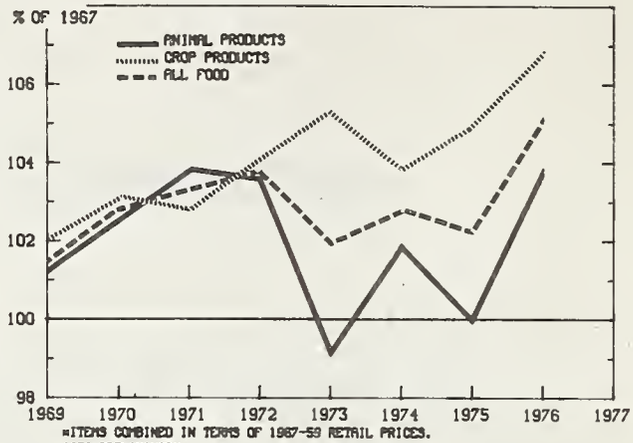
RETAIL FOOD PRICES*



*FOOD AT HOME. SOURCE: BUREAU OF LABOR STATISTICS.

USDA NED.ERS 2147-77(03)

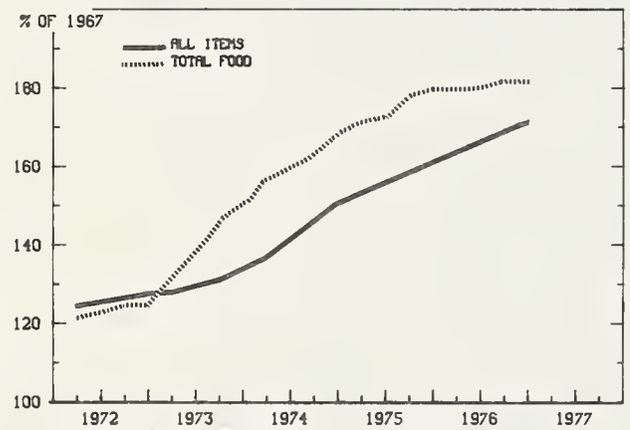
PER CAPITA FOOD CONSUMPTION*



*ITEMS COMBINED IN TERMS OF 1967-69 RETAIL PRICES.
1976 PRELIMINARY.

USDA NED.ERS 2150-77(03)

CONSUMER PRICE INDEX ALL ITEMS AND TOTAL FOOD



SOURCE: BUREAU OF LABOR STATISTICS.

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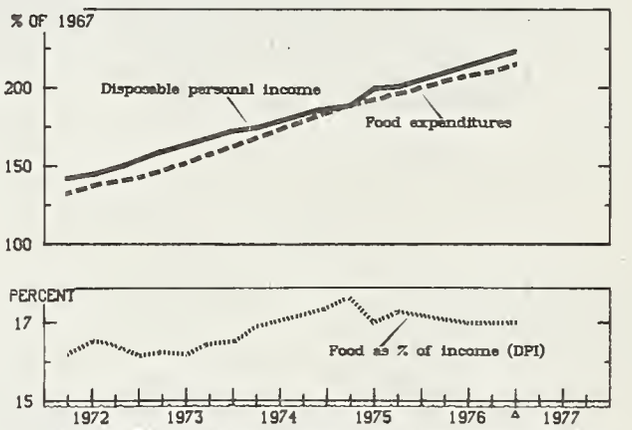
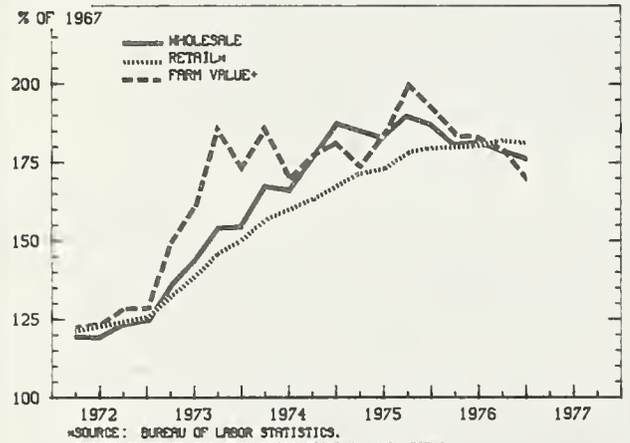
FOOD EXPENDITURES AND INCOME TRENDS



BASED ON DATA OF DEPARTMENT OF COMMERCE. SEASONALLY ADJUSTED ANNUAL RATE.
Δ PRELIMINARY

USDA NED.ERS 2487-77(03)

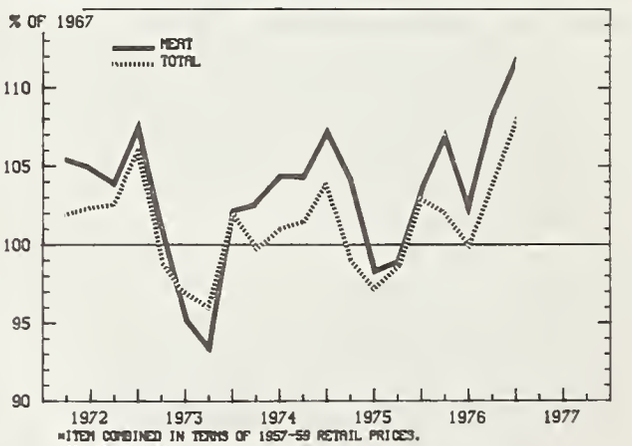
FOOD PRICES



*SOURCE: BUREAU OF LABOR STATISTICS.
+PRICES RECEIVED FOR FOOD ORIGINATING ON U.S. FARMS.

USDA NED.ERS 2155-77(03)

PER CAPITA CONSUMPTION OF LIVESTOCK PRODUCTS*



*ITEM COMBINED IN TERMS OF 1957-59 RETAIL PRICES.
1976 PRELIMINARY.

USDA NED.ERS 2156-77(03)

FOOD PRICES AND CONSUMPTION

This Section Approved By
The Outlook and Situation Board
March 15, 1977

Retail food prices registered more than their normal seasonal rise this winter led mostly by fresh produce and coffee. However, continued large supplies and relatively steady prices for most foods likely will limit overall advances this spring. Retail prices in food stores in the first quarter of 1977 may average around 3 percent above the fourth quarter of 1976, in part a seasonal rise, and also about 3 percent above a year earlier. Some further increases are likely during the summer if meat supplies decline seasonally as expected and consumer demand rises in line with improving economic conditions. However, seasonal supply increases are expected to steady food prices again in the fall despite prospects for some widening of the spread between farm and retail prices.

Supplies of practically all livestock products and most major crop commodities will continue large, and food supplies will remain generally ample, at least through mid-1977. Although the January freeze caused extensive damage to Florida's citrus and winter vegetable crops, these losses presently account for only a small part of the national food supply. Total output of livestock products will likely remain above a year earlier during the first half of 1977. Although second-half output may not match the record year-earlier levels, total livestock output for all of 1977 will likely be up slightly from 1976.

Although weather problems experienced to date will likely tilt food prices up a little more than had been expected earlier, generally favorable weather this spring and summer could still result in relatively large crop harvests again this year, not only in this country, but around the world. Some reduction in cattle slaughter in response to improved feed conditions, along with upward pressure from marketing costs for most food products, likely would result in a little further increase in average food prices during the spring and summer. But seasonal supply increases could ease prices down slightly toward fall. Under these conditions, retail food prices for all of 1977 may average only around 4 or 5 percent above 1976.

About half of this increase would be associated with rapidly rising coffee prices along with higher prices for fishery products and other imported foods. Higher marketing charges for U.S. farm foods account for most of the remaining increase since the average farm value of these foods likely would show little change from a year earlier.

Conversely, weather problems affecting larger areas could have a more significant impact on food supplies and prices in the months ahead. The drought situation in the West could cut output of a number of important food crops including some fruits and vegetables as well as grain. Serious drought conditions this spring and summer could accelerate beef herd liquidation, increasing midyear meat supplies and reducing them in late 1977 and 1978. This would most likely depress meat prices during midyear and increase them in late 1977 and 1978. If combined with increased crop prices from a prolonged, widespread drought, retail food prices for all of 1977 could average around 5 or 6 percent above the relatively stable level for 1976 with the likelihood of larger increases by year-end.

Marketing Spreads Continue Upward

Expected increases in food prices this year reflect prospects for wider farm-retail spreads as well as higher prices for coffee and fishery products. The marketing spread may average 4 to 6 percent above 1976, depending on movements in farm prices and the cost push on operating costs of food marketing firms. Prospective wage agreements in food and allied industries will continue to exert upward pressure on marketing costs. The rise in the cost of inputs used in food processing and marketing, which slowed last year, may pick up this year as energy costs rise. Marketing spreads rose 5 percent in 1976 and 9 percent in 1975.

1977 Food Outlook Highlights

Meat: Retail meat prices to remain below year earlier with record-high first half supplies...Beef output near to slightly below first half of 1976, pork much larger...Small increases in beef prices likely this spring as cattle slaughter slows with greening of pastures...Pork prices to continue well below last year, because of big supplies...Retail beef and pork prices likely to strengthen this summer, if total meat output drops below year earlier as expected...Second-half beef output below a year earlier will more than offset larger pork supplies.

Unusually good weather this spring and summer would keep more cattle and calves on pastures, temporarily shorten meat supplies and raise prices more this summer...But bigger supplies of beef and pork next fall could ease meat prices back down.

Alternatively, more cattle and some hog liquidation if widespread drought shortens feed grain supplies...More meat this summer would forestall price rise...But after liquidation, meat supplies would fall off, strengthening prices later this year and perhaps sharply in 1978.

Broilers: Prices to edge higher late this spring but average below a year earlier...Further pick up likely this summer—perhaps to 1976 levels--because of seasonal increase in demand and reduced meat supplies...First half production likely up 5 percent from 1976, similar gain possible for second half...However, higher feed prices or lower market prices than now expected could cause output to drop to, or below 1976.

Eggs: Prices to strengthen as Easter approaches, then drop seasonally...Advance likely in second half, but increased supplies will keep prices well below July-December 1976...Output to move back above year earlier in coming months...Average 1 or 2 percent higher this spring and summer.

Fish: Demand to remain strong, but consumption could be reduced by limited supplies due to seasonally low landings here and abroad, reduced catch quotas, and strong overseas market...Supply picture also clouded by extended jurisdiction over fishing ground declared by many nations...A tightening supply, with strong demand...Further increases seen in average prices.

Dairy: Retail prices steady till summer, then moderate seasonal rises...Depends somewhat on price support decisions...Support prices for new dairy marketing year (beginning April 1) not yet announced...Although supplies are large, changes in supports could bring anything from a slight decrease to an increase in average retail dairy product prices...Milk output in 1977 to rise 1-2 percent from 1976...Slight increase in per capita consumption likely.

Fats and oils: Per capita consumption to declining slightly from last year's record high...Led by drops in cooking and salad oils, shortening, and margarine...Butter and lard consumption to stay near last year with more lard used in shortening...Wholesale and retail prices to remain firm, reflecting strong domestic and foreign demand and uncertainties about 1977 soybean production...Prices this spring and summer will be highly influenced by soybean crop developments.

Fresh vegetables: Prices for several vegetables damaged by Florida freeze advanced to record levels in January and February...But prices could fall almost as rapidly as they rose...By mid March, cabbage supplies much more liberal...By April all tender vegetables to be back in more normal supply for this time year...Remaining supplies of storage onions may not be large enough to forestall further price rises since Texas' spring crop will be smaller and later this year...Spring potato acreage 8 percent below last year...But large storage stocks to keep potato prices below a year earlier.

Processed fruits and vegetables: Smaller stocks of processed non-citrus, smaller packs of citrus products, and higher processing costs will keep *processed fruit* prices above year earlier...Prices for *processed vegetables* also higher through the first half of 1977...Supplies of most canned and frozen vegetables are down from burdensome levels a year earlier...More than usual uncertainties in the second half processing picture...Reduced western water supplies could bring some acreage cuts and some shifts in planting as well as higher prices.

Cereal and bakery: Retail prices during first half to rise moderately, reflecting higher marketing and distribution costs...Large carryover stocks of wheat and rice suggest ample ingredient supplies, even if 1977 crops don't match last year...Weather in major grain areas here and abroad will affect ingredient costs and retail prices of cereal products during second half 1977.

Sugar: Retail sugar prices to remain relatively stable through midyear, with ample world supplies...After that prices will depend on 1977 world crop prospects and government programs relating to sugar imports.

Coffee, tea, and cocoa: Green coffee prices up sharply since the freeze in Brazil in 1975...Retail coffee prices to rise further just to catch up with increases at wholesale...Per capita consumption estimate for 1976 probably reflects advance buying in anticipation of price increases...Consumption in 1977 likely to drop because of high prices...Tea consumption to remain about the same as last year, could increase if high coffee prices cause switch to tea...Tighter world tea supplies and rising coffee prices to push tea prices higher, but much less than for coffee...1976/77 world cocoa crop down 7 percent from year earlier...Cocoa bean prices doubled last year...Retail prices for chocolate products to advance and per capita consumption to decline in 1977.

Food Consumption Record High in 1976

Per capita food consumption rose about 3 percent last year and exceeded the previous record high established in 1972 by over 1 percent. While livestock products accounted for most of the increase, large supplies of most important crops also contributed. Supplies of most livestock products are likely to continue large this year. If crop output is well maintained, per capita food consumption likely would register a further small gain in 1977.

Meat and poultry consumption registered large gains in 1976. Record large beef production at lower prices boosted per capita consumption around 7 percent. Pork use per person was up over 6 percent, rebounding from 1975's sharp drop. However, the sharpest rise in 1976 was for poultry—up 8½ percent. Per capita use of eggs and dairy products held fairly stable, although cheese was up 9 percent over 1975.

Among crop products, vegetable fats, sugar, cereal products, and vegetables registered good gains. Sugar use per person rose 6 percent in 1976 after high prices cut consumption in 1974 and 1975.

Large Supplies Limit 1976 Food Price Rise

Retail food prices registered the smallest annual rise last year since 1971. Grocery store food prices, on the average, were relatively stable throughout 1976 despite rather wide fluctuations among individual food categories. For the year, food-at-home prices averaged only about 2 percent above 1975. With prices for restaurant meals and snacks up nearly 7 percent last year, the all-food price index averaged about 3 percent above 1975.

Retail prices for beef for all of 1976 averaged 3 percent lower while there was a 4-percent decline for poultry. The increase in beef supplies was the result of a rapid rate of herd liquidation as well as increased output of grain-fed beef. Retail pork prices averaged slightly above 1975 with high prices early in the year giving way as production expanded in the second half of 1976. In contrast, retail fish prices averaged almost 12 percent above 1975, as increased demand outpaced a small advance in supplies. Egg prices were nearly a tenth above 1975 reflecting strong demand and slightly smaller supplies. While dairy prices averaged around 8 percent above 1975, this was due mostly to sharp price increases in late 1975 and early 1976.

Retail beverage prices averaged almost 20 percent above 1975 as supplies of coffee declined following the Brazilian freeze and other supply disruptions. Offsetting, however, was an 11½ percent drop in the price of sugar and sweets and a 2½ percent decline for cereal and bakery products. Moreover, fats and oils prices averaged 12½ percent below 1975. Retail prices for fruits and vegetables averaged about 2½ percent higher.

The Wholesale Price Index for all foods in 1976 averaged almost 4 percent below 1975. Wholesale prices for red meats, poultry, sugar and confectionery products, and fresh produce fell sharply. Somewhat offsetting were sharply higher prices for eggs, fish, and beverages—mainly coffee.

The farm value of U.S.-produced farm foods in 1976 averaged over 4½ percent below a year earlier. Significant declines in the farm value of red meats, poultry, cereal and bakery products, and fats and oils more than offset gains for eggs, fresh fruits, and prepared foods.

The 5-percent increase in the farm retail spread reflected higher wages, packaging, and energy costs. Spreads were higher for all items except fats and oils and prepared foods. Spreads for red meats, and fresh vegetables increased substantially.

Changes in retail food prices, from year earlier

Item	Annual 1976 average	Fourth quarter 1976
	Percent	*Percent*
Meat	0.2	-11.6
Poultry	-4.1	-14.3
Fish	11.9	11.2
Dairy products	2.2	5.8
Eggs	9.3	11.4
Fats and oils	-12.5	3.9
Fruits and vegetables	2.6	3.9
Sugar and sweets	-11.3	-7.5
Cereal and bakery products	-2.2	-1.1
Beverages	19.7	27.3
Other preparations	4.0	5.4
Food at home	2.1	-0.4
Food away from home	6.8	6.2
All food	3.1	1.0

Food Prices Rise in January and February

The Consumer Price Index for food in January averaged only 1½ percent above January of 1976, but advanced over 1 percent above the previous month. In contrast to the general trend of the past few years, prices for food at home rose at a faster pace than food away from home. Before seasonal adjustment, retail prices for food at home rose 1.1 percent; food away from home was up 0.7 percent from December.

Over a fourth of the January rise in grocery store food prices was associated with a 7-percent increase in coffee prices. Fresh vegetable prices rose 4 percent, but most of this increase was seasonal since price rises due to freeze damage were not reflected in January prices. Following consecutive declines in the last 5 months of 1976, pork prices rose 3 percent, and prices for beef and poultry were higher. Retail prices for candy bars and chocolate syrup, which declined during 1976, rose about 2 percent—reflecting increases in cocoa prices. Some offset was provided by lower sugar prices, which dropped for the fifth consecutive month, as well as declines for dairy products and fresh fruits.

The Consumer Price Index for food in February rose 2.3 percent from January and was 4.3 percent above a year earlier. Food away from home prices continued to rise at about the same rate as in

recent months with the February index up 0.7 percent from January and about 6½ percent above a year earlier. Food-at-home prices registered a big jump of 2.8 percent from January and 3.7 percent from a year ago.

About half of the February rise in grocery store food prices was associated with a nearly 25 percent rise in fresh vegetable prices. This was largely a reflection of the Florida freeze although potatoes and onions, which were not affected by the freeze, also registered sharp increases. Other significant increases from February were: fresh fruits, up 5 percent reflecting higher citrus and apple prices; poultry and eggs, up 5 to 6 percent; sugar and sweets, up 3 percent led by 5 to 6 percent increases for chocolate products; and non-alcholic beverages, up over 6 percent due to a nearly 10 percent jump for coffee prices. Prices for red meats, dairy products, processed fruits and vegetables, cereal and bakery products, and miscellaneous food items showed little change.

The Wholesale Price Index for all foods rose fractionally in January. Fresh and dried fruits and vegetables rose very sharply, but red meats, eggs, and dairy items declined.

In February, the all-foods wholesale price index rose about 2 percent, with increases for fresh and dried fruits, vegetables, eggs, poultry, sugar, and beverages contributing to the advance. Some offset was provided by lower red meat and fish prices. (*Larry V. Summers and Anthony E. Gallo*)

Food Spending and Income and Domestic Food Programs

Personal consumption expenditures for food purchased in the fourth quarter were $204.1 billion (seasonally adjusted, annual rates), an increase over the third quarter of nearly 2.5 percent. Expenditures for food used at home were nearly 3 percent above the third quarter, while restaurant meals and snacks were up 1.5 percent. Over half of the increase in food away from home occurred because of price increases. After adjusting for price movements, spending on restaurant meals and snacks rose over ½ percent. Prices for food purchased grocery stores were relatively stable in the fourth quarter so that most of the increase in spending for food at home was due to volume increase. After price adjustments, spending for food at home rose 2½ percent.

For all of 1976, preliminary data indicate that total personal consumption expenditures for food were $198.8 billion, an increase of 7½ percent above 1975. As was generally true throughout the year, spending for food away from home showed greater increases than did spending for food at home, rising nearly 10 percent compared with 6.8 percent for at-home spending. However, most of the increase in away-from-home spending during 1976 was due to price increases. After adjusting for price increases, expenditures on away-from-home eating rose 3.1 percent while spending for food at home rose over 7 percent.

Change in food expenditures, fourth quarter, 1976 (Seasonally adjusted)

Item	From third quarter 1976	From fourth quarter 1975
	Percent	*Percent*
Total food		
Current dollars	2.4	7.4
1972 dollars	2.1	7.8
Food at home		
Current dollars	2.7	7.5
1972 dollars	2.6	10.3
Food away from home		
Current dollars	1.5	7.0
1972 dollars	.7	.7

[1] Preliminary.

Quarterly changes in personal expenditures and disposable personal income (Seasonally adjusted)

Item	1976			
	I	II	III	IV
	Pct.	*Pct.*	*Pct.*	*Pct.*
Personal consumption expenditures	3.1	2.0	2.2	3.1
Durable goods	6.7	2.4	1.7	2.7
Nondurable goods	1.8	1.3	1.6	3.2
Food	2.1	1.7	1.0	2.4
Other	1.5	1.0	2.1	3.9
Services	3.3	2.5	3.0	3.1
Personal disposable income	2.5	2.2	1.5	2.2

The percentage of personal disposable income allocated to food expenditures in 1976 declined for the first time since 1972. The 9.3 percent annual increase in disposable income outpaced the increase in food expenditures. This resulted in a decline in the proportion allocated to food expenditures from 17.1 percent in 1975 to 16.8 percent in 1976 (table 7).

Disposition of Personal Consumption Expenditures

Total personal consumption expenditures were $1,079.7 billion in 1976, nearly 11 percent above a year earlier. Because expenditures rose at a faster pace than income, the savings rate fell from 7.8

Proportion of total consumer expenditures

Item	1974	1975	1976
	Percent	*Percent*	*Percent*
Food excluding alcoholic beverages	18.8	19.0	18.4
Nondurables excluding food	23.6	23.1	22.4
Clothing and shoes	7.3	7.2	7.0
Gas and oil	4.1	4.0	3.8
Fuel oil and coal	1.1	1.0	1.1
Other	11.1	10.8	10.5
Durables	13.7	13.5	14.5
Automobiles and parts	5.4	5.5	6.5
Furniture & household equipment	6.2	5.9	5.8
Other	2.1	2.2	2.1
Services	43.9	44.4	44.7
Housing	15.4	15.4	15.4
Household operation	6.3	6.6	6.6
Transportation	3.5	3.5	3.5
Other	18.7	18.9	19.2

percent to 6.5 percent in 1976. Prices for durables, nondurables, and services advanced at a more moderate pace in 1976 than in previous years. Prices for food and nondurables less food rose at the slowest pace of any of the major categories and resulted in smaller relative shares of consumer expenditures for those two categories. The share allocated to durable goods showed the greatest increase due to increases for automobiles and parts. The share allocated to services also increased due to increases in other services.

USDA's Food Programs

Generally improved income and employment conditions throughout the year, along with stable grocery store prices resulted in an overall decline in the numbers certified as eligible to participate in the Food Stamp Program. In the 50 States and the District of Columbia, an average of 16.3 million participated in the program during 1976 down 1 million from the 1975 average. Most of the decline in participation occurred in the second and third quarters. But participation continued to decline slightly in the fourth quarter due to a reduction in those participants receiving public assistance. For all of 1976, the number of participants receiving public assistance in the 50 States and District of Columbia averaged 8.3 million, nearly unchanged from a year earlier. Increases in the numbers of public assistance participants enrolling in the program during the first 6 months of 1976 were offset by declines during the second half of the year. The number of participants not receiving public assistance averaged 8.0 million in 1976, a decline of nearly 1 million from a year ago. All of the decline in nonpublic assistance participation occurred in the second and third quarters. During the fourth quarter the number of these participants began to rise seasonally.

Participation was further held in check because grocery store prices held steady resulting in no July 1976 increase in either the allotment of stamps or the maximum income a family may earn and become eligible to participate in the program. The allotment of stamps, set in January 1976, will remain in effect until July 1977 at $166 for a family of four with a maximum income (after certain hardship deductions) of $569.99 per month.

The total value of stamps issued in the 50 States and the District of Columbia was $7.8 billion, up $140 million from 1975. This increase reflects the January 1976 cost of living adjustment. Of the total value of stamps, $4.65 billion represents the Government's contribution in the form of bonus stamps, an increase of $50 million over year earlier totals. The total value of stamps issued in 1976 represents 5 percent of expenditures for food at home (table 8).

Child Nutrition Programs

Over 25 million children in the 50 States and District of Columbia participated in the School Lunch Program in the first months of the 1976-77 school year, an increase of over 2 percent. The federal cost of the program between July and December was $650 million, nearly a 10 percent increase over the same period a year earlier (table 8). Increased costs can be attributed to increased reimbursement rates and in the number of meals served. Schools receive 13.25 cents per lunch, an increase of .25 cent. In addition, schools receive 50 cents for each reduced price lunch and 60 cents for each free lunch.

Most of the increase in participation was due to larger numbers of children receiving reduced-price meals, further increasing the cost of the program. During the 1975-76 school year Congress passed legislation requiring all schools participating in the School Lunch and School Breakfast programs to offer reduced-price meals. Because of the time involved in implementing a reduced-price meal program and certifying participants eligible, the impact of the provision was not felt until the beginning of the 1976-77 school year.

Two million children have participated in the School Breakfast during the first months of the current school year. Most of the increase in participation occurred among those receiving free and reduced price-lunches. Between July and December program costs rose by a quarter from a year earlier due to overall increased participation and increased reimbursement rates.

The number of children participating in the Summer Food Program in the 50 States and District of Columbia during June, July and August 1976 was up 50 percent over a year earlier. The pri-

mary reason for this increase was the increased number of summer day camps and childcare centers participating and an increase in the number of meals that could be served. In 1975, participating children were served one meal and one snack; in 1976, they could receive three meals and two snacks. Increased participation, program liberalization, and increased riembursement rates caused expenditures to more than double.

Food Assistance for the Elderly

In addition to programs directed to families and children, USDA provides food (commodity) assistance to the elderly under Title 7 of the Older Americans Act. Effective October 1, 1976 the value of food donated by the Department was increased from 25 cents per meal to 27.25 cents per meal based upon the Consumer Price Index for food away from home. During 1976, USDA donated over $10 million in food commodities.

Summary

Expansion in the Child Nutrition Programs accounted for most of the increase in federal expenditures for USDA food programs in calendar year 1976. Federal expenditures totaled $7.2 billion, a 6 percent increase over calendar year 1975. The value of bonus stamps rose slightly more than 1 percent, the smallest gain in recent years. Federal expenditures for USDA food programs were equivalent to 3½ percent of total personal consumption expenditure for food. The level of federal expenditures in the future will depend primarily upon the rate of increase in food prices, changes in the unemployment rate, and any changes that might occur in program legislation. (*Fredericka Bunting*)

Table 1--Consumer, wholesale, and farm price indexes, 1975-76
(1967=100)

Item	1975	1976					Percent change 1975 1976
		I	II	III	IV	Year	
Retail prices: 1/							
All goods and services (CPI)	161.2	167.1	169.2	171.9	173.9	170.5	5.8
All items less food	157.1	163.4	166.0	168.9	171.5	167.5	6.6
All food	175.4	179.8	180.0	182.1	181.6	180.8	3.2
Food-at-home	175.8	179.4	178.0	180.6	179.3	179.5	2.1
Food away-from-home	174.3	181.9	184.7	187.8	190.1	186.1	6.8
Wholesale prices: 1/							
All commodities	174.9	179.4	182.1	184.2	186.0	183.0	4.6
Industrial commodities	171.5	171.1	180.6	183.6	187.0	182.6	6.5
Farm products	186.7	190.3	194.0	193.0	187.3	191.1	2.4
Processed food	187.1	179.7	181.6	178.3	175.2	178.7	-4.5
All food 2/	186.0	180.4	181.2	177.7	176.0	178.8	-3.9
Prices received by farmers 3/	186	186	192	190	177	186	0
Crops	201	193	201	207	191	198	-1.5
Livestock and products	172	181	185	175	168	177	2.9
Market basket of U. S. farm foods: 4/							
Retail cost	173.6	176.7	175.3	176.0	173.5	175.4	1.0
Farm-retail spread	165.1	172.5	170.4	174.1	176.0	173.2	4.8
Farm value	187.1	183.4	183.2	179.1	169.5	178.8	-4.3

1/ Department of Labor, Bureau of Labor Statistics

2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm product group.

3/ Statistical Reporting Service

4/ Economic Research Service

Table 2--Per capita food consumption indexes, 1967-76 1/
(1967=100)

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	122	109	94	105	100
1973	98	107	119	91	99	78	127	110	93	110	102
1974	105	109	112	89	99	76	124	107	98	106	102
1975	101	106	111	86	100	73	127	108	104	113	109
1976 6/	107	115	115	85	100	68	136	112	103	111	107

	Vegetables 4/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee, tea and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 5/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	98	103.6	104.1	103.8
1973	100	113	104	82	126	98	110	96	99.1	105.3	101.9
1974	100	110	103	79	131	96	107	93	101.9	103.8	102.8
1975	101	109	104	92	131	97	103	88	99.9	104.9	102.2
1976 6/	102	113	106	85	130	99	109	88	103.7	106.8	105.1

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 5/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately. 6/ Preliminary.

Table 3--Livestock products: Per capita consumption indexes, quarterly, 1970-76 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy Products		Animal fats including butter	Total livestock products 2/
				Excluding butter	Including butter		
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 I	100.9	95.6	92.4	99.7	99.2	82.5	98.8
II	95.3	101.7	91.5	100.7	99.8	78.8	96.8
III	93.3	107.1	87.6	100.3	99.3	75.7	95.9
IV	102.2	124.1	91.5	100.1	99.0	76.9	102.2
1974 I	102.5	99.0	90.5	99.1	97.7	73.7	99.3
II	104.4	108.0	89.5	98.7	97.4	74.0	101.0
III	104.2	108.6	87.6	100.3	99.4	78.5	101.4
IV	107.3	120.1	88.6	99.5	98.5	77.2	103.9
1975 I	104.2	91.2	86.6	98.6	98.2	80.1	99.0
II	98.2	101.8	83.7	100.1	99.1	70.1	97.1
III	98.8	107.8	85.6	102.0	100.5	68.8	98.7
IV	103.6	125.2	87.6	101.2	100.2	75.3	103.0
1976 I 3/	107.1	101.5	85.6	100.6	99.2	72.4	101.9
II	102.1	109.6	84.7	100.3	98.9	64.4	99.8
III	108.2	117.2	84.7	101.2	99.3	63.1	103.8
IV	111.9	132.4	85.6	102.0	100.9	73.3	107.9

1/ Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. 2/ Excludes fish and honey. 3/ Preliminary.

Table4--Civilian per capita consumption of major food commodities (retail weight) and civilian population, selected years 1/

Commodity	1960	1967	1974	1975	1976 5/	1976 as percentage of 1975
Meats:	134.2	145.1	152.2	145.2	154.6	106
Beef	64.3	78.8	86.4	88.9	95.4	107
Veal	5.2	3.2	1.9	3.5	3.4	97
Lamb and mutton	4.3	3.5	2.0	1.8	1.7	94
Pork (excluding lard)	60.4	59.6	61.9	50.9	54.1	106
Fish (edible weight)	10.3	10.6	12.1	12.1	12.5	103
Poultry products:						
Eggs	42.4	40.7	36.6	35.3	35.0	99
Chicken (ready-to-cook)	27.8	36.5	41.1	40.3	43.7	108
Turkey (ready-to-cook)	6.2	8.6	8.9	8.6	9.2	107
Dairy products:						
Cheese	8.3	10.1	14.6	14.5	15.8	109
Condensed and evaporated milk	13.7	9.0	5.6	5.3	4.9	92
Fluid milk and cream (prod. weight)	321.0	303.0	288.0	291.2	290.0	100
Ice cream (product weight)	18.3	17.8	17.5	18.6	17.9	96
Fats and Oils-Total, fat content	45.3	49.4	53.2	53.3	56.0	105
Butter (actual weight)	7.5	5.5	4.6	4.8	4.4	92
Margarine (actual weignt)	9.4	10.5	11.3	11.2	12.0	112
Lard	7.6	5.4	3.2	3.0	2.8	93
Shortening	12.6	15.9	17.0	17.3	18.2	105
Other edible fats and oils	11.5	15.2	20.3	20.3	22.0	108
Fruits:						
Fresh:	89.6	79.1	76.1	81.6	81.4	100
Citrus	32.5	30.6	26.5	28.7	28.3	99
Noncitrus	57.1	48.5	49.7	52.9	53.1	100
Processed:						
Canned fruit	22.6	22.6	19.8	19.1	18.9	99
Canned juice	13.0	11.7	14.7	14.7	14.4	98
Frozen (including juices)	9.1	10.1	11.3	12.6	12.2	97
Chilled citrus juices	2.1	4.4	5.5	6.0	6.5	108
Dried	3.1	2.8	2.5	3.3	2.5	76
Vegetables:						
Fresh 2/	96.0	90.8	93.5	94.0	95.0	101
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	52.9	52.5	55.5	106
Frozen, excluding potatoes	7.0	9.0	10.2	10.3	10.0	97
Potatoes, (including fresh equivalent of processed)	104.0	104.3	110.7	120.2	115.0	96
Sweetpotatoes, (including fresh equivalent of processed)	6.5	5.3	5.2	5.5	5.5	100
Grains:						
Wheat flour 3/	118	112	106	107	111	104
Rice	6.1	7.5	7.6	7.7	7.2	94
Other:						
Coffee	11.6	11.1	9.5	9.0	8.8	98
Tea	0.6	0.7	0.8	0.8	0.8	100
Cocoa	2.9	3.4	3.0	2.6	2.9	112
Peanuts (shelled)	4.9	5.7	6.4	6.6	6.3	95
Dry edible beans	7.3	6.9	6.7	6.2	6.1	98
Melons	23.2	20.3	17.2	17.5	18.6	106
Sugar (refined)	97.6	97.3	94.3	87.7	92.6	106
Civilian population 4/	178.1	195.3	209.7	211.4	213.0	101

1/ Quantity in pounds, retail weight unless otherwise shown. Data on calendar year basis except for dried fruits, fresh citrus fruits, peanuts, and rice which are on a crop-year basis.

2/ Commercial production for sale as fresh produce.

3/ White, whole wheat, and semolina flour including use in bakery products.

4/ July 1 civilian population used to derive per capita figures except for sugar, dried fruits, peanuts, and rice.

5/ Preliminary.

NOTE: Prior to the February 1976 issue of the National Food Situation, data in this table were shown on a primary distribution weight basis (e.g. carcass weight for meat). Historical data on a retail weight basis may be found in the Food Consumption, Prices and Expenditures, Supplement for 1974 to Agricultural Economic Report No. 138, ERS, USDA.

Table 5--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and Month	Food at home														Food away from home	All food	Consumer Price Index less food	Consumer Price Index 5/
	Meats						Dairy products 3/	Fats and oils 4/	Fruits and vegetables			Cereal and bakery products	Sugar and sweets	Beverages				
	Beef and veal	Pork	Total 2/	Poultry	Fish	Eggs			Fresh	Processed	Total				Total			
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	---	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.8	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.4	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	126.4	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
1974	168.5	161.0	164.1	146.9	187.7	160.8	151.9	179.4	162.6	170.6	165.8	166.1	195.2	155.6	162.4	159.4	161.7	143.7	147.7
1975	170.0	196.9	177.9	162.4	203.3	157.8	156.6	198.6	166.1	178.3	171.0	184.8	246.2	178.9	175.8	174.3	175.4	157.1	161.2
1976	164.5	199.4	178.2	155.7	227.3	172.4	172.4	175.7	170.6	182.9	175.4	180.6	218.2	214.0	179.5	186.1	180.8	167.5	170.5
January	174.9	210.1	186.8	164.5	216.1	182.8	168.2	182.4	163.8	187.3	173.3	182.0	224.5	191.1	180.8	180.9	180.8	162.6	166.7
February	168.3	208.5	182.8	159.8	219.2	184.9	168.5	177.4	164.4	186.4	173.2	181.1	224.0	191.7	179.6	181.9	180.0	163.4	167.1
March	164.7	204.3	179.6	157.7	219.3	160.4	167.9	175.0	165.2	186.1	173.6	180.6	222.4	193.0	177.7	182.8	178.7	164.2	167.5
April	160.8	200.0	176.6	158.0	222.3	159.4	167.9	171.7	174.7	185.4	179.0	180.2	221.1	198.0	178.1	183.8	179.2	165.0	168.2
May	167.1	201.9	180.6	155.3	225.1	154.5	167.4	170.6	171.7	183.3	176.4	180.8	219.5	203.3	178.8	184.8	180.0	166.0	169.2
June	166.5	205.0	181.6	160.7	226.3	152.6	167.9	170.4	173.6	181.3	176.7	181.3	219.3	208.7	179.7	185.6	180.9	167.0	170.1
July	166.9	208.7	182.9	161.9	227.9	164.1	168.0	169.7	175.0	180.9	177.3	180.9	217.9	216.3	180.9	186.9	182.1	167.9	171.1
August	163.3	206.0	180.1	158.2	229.3	175.7	169.0	169.2	176.6	180.7	178.3	180?3	218.0	223.2	181.0	187.8	182.4	168.9	171.9
September	162.3	200.7	177.4	155.1	234.4	182.3	171.1	171.1	163.6	181.4	170.8	180.4	214.9	227.6	179.9	188.7	181.6	170.0	172.6
October	158.7	191.7	172.7	149.2	234.4	179.4	172.7	174.3	171.9	180.1	175.5	180.1	213.3	230.7	178.9	189.3	181.6	170.8	173.5
November	159.4	182.4	169.7	144.5	235.5	178.7	171.7	175.7	170.7	181.1	174.8	179.9	212.3	237.7	179.6	190.0	181.1	171.6	173.8
December	160.7	174.7	167.4	144.0	237.6	193.8	171.4	177.3	171.4	181.4	175.5	179.3	211.1	246.9	179.3	190.9	181.7	172.2	174.3
1977																			
January	162.1	180.1	169.9	144.5	238.0	197.9	171.3	178.8	174.9	181.5	177.6	179.9	212.7	257.6	181.2	192.2	183.4	172.9	175.3
February	161.5	185.1	171.3	152.9	241.1	207.9	171.1	179.5	203.6	181.6	194.7	180.0	219.2	273.8	186.2	193.6	187.7	174.0	177.1
	Seasonally adjusted																		
1976					---								---	---				---	
January	179.4	209.5	189.3	168.0	---	167.2	167.7	181.5	171.5	187.1	177.2	182.0	---	---	181.4	180.9	181.2	---	167.1
February	168.8	205.4	182.4	162.2	---	170.4	166.7	176.9	167.6	185.7	174.2	179.7	---	---	178.6	182.4	179.4	---	167.3
March	160.8	202.3	176.3	157.9	---	158.7	166.2	173.3	165.7	184.8	173.4	178.6	---	---	176.5	183.4	177.9	---	167.6
April	159.8	204.9	176.8	158.6	---	162.2	166.6	170.7	172.5	183.2	177.4	178.6	---	---	178.1	184.0	178.9	---	168.3
May	168.2	213.4	185.2	160.3	---	168.5	166.7	171.1	166.2	182.8	172.9	179.9	---	---	179.5	185.0	180.6	---	169.3
June	168.0	212.0	186.1	162.5	---	174.6	168.4	173.5	158.5	181.5	168.0	182.2	---	---	179.8	181.0	181.0	---	170.1
July	164.6	209.3	180.2	157.5	---	181.9	170.2	174.2	157.8	182.0	168.2	182.5	---	---	179.8	187.1	181.2	---	170.9
August	158.7	201.0	176.7	153.0	---	180.8	171.7	172.1	166.6	182.5	173.3	183.0	---	---	180.3	187.8	181.8	---	171.7
September	158.2	193.7	173.9	146.5	---	172.5	173.2	172.0	172.2	182.5	175.7	182.6	---	---	180.1	188.5	181.8		172.5
October	159.0	186.3	170.8	147.6	---	175.5	173.6	174.3	185.2	182.5	183.6	180.8	---	---	180.7	188.7	182.3	---	173.0
November	160.8	180.6	170.6	145.8	---	177.8	171.2	175.7	181.2	181.3	180.6	179.7	---	---	180.0	189.2	181.9	---	173.5
December	166.4	177.0	167.4	149.8	---	179.6	169.9	174.3	183.7	181.0	181.3	177.7	---	---	180.3	190.3	182.3	---	174.2
1977																			
January	165.2	180.1	171.8	146.1	237.5	178.4	170.3	176.2	182.9	181.0	181.2	179.5	208.7	---	181.3	192.0	183.5	---	175.6
February	164.0	185.3	173.6	156.3	239.7	187.6	168.4	177.7	208.4	180.2	196.3	178.4	215.1	---	185.4	194.0	187.1	---	177.3

1/ For earlier annual data (1957-59 reference base), See Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/ Beef, veal, lamb and mutton, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. 5/ Seasonally adjusted series derived by ERS.

Table 6--Wholesale food price indexes and Wholesale Price Indexes
selected periods 1/
(1967=100)

Year and Month	Farm Products: Eggs	Farm Products: Fresh and dried fruits and vegetables 2/	Farm Products: Total 3/	Processed foods and feeds: Meats: Beef and Veal	Meats: Pork	Meats: Total	Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil end products	Cereal and bakery products	Sugar and Confectionary	Beverages 4/	Total 5/	All food 6/	Industrial commodities 7/	All commodities
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.1	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.5	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
1974	160.6	192.3	187.7	158.6	162.3	159.6	157.3	204.6	146.4	154.6	224.8	171.2	258.9	140.7	170.9	174.4	153.8	160.1
1975	159.8	183.7	186.7	176.3	214.7	188.7	184.1	218.7	155.8	169.8	211.5	178.0	254.3	162.4	182.6	186.0	171.5	174.9
1976	179.1	178.5	191.1	156.0	201.4	173.6	166.2	272.4	167.6	170.4	174.2	172.1	190.9	173.4	178.0	178.9	183.5	183.0
January	182.0	194.8	192.8	173.1	224.6	190.4	164.5	253.1	169.7	167.6	174.1	174.7	202.6	165.1	179.4	183.2	177.3	179.3
February	177.0	192.6	191.0	162.0	213.5	180.3	170.1	256.2	163.4	166.7	170.9	175.1	200.4	167.0	176.4	179.7	178.0	179.3
March	159.2	184.5	187.2	150.0	202.4	171.7	178.8	261.3	166.7	166.5	170.2	174.5	207.5	167.0	175.8	178.2	178.9	179.6
April	162.6	195.0	192.9	171.5	203.3	183.5	163.8	271.3	167.7	167.1	168.8	172.8	202.5	169.3	178.0	181.5	180.0	181.3
May	171.5	179.0	192.6	162.0	212.6	182.8	171.8	279.9	167.1	167.9	173.4	173.4	208.7	172.3	179.9	182.1	180.4	181.8
June	165.8	160.8	196.5	157.9	220.9	182.0	172.2	283.7	167.0	170.0	170.6	173.7	197.4	172.7	181.8	180.1	181.3	183.1
July	167.7	164.7	196.9	147.3	218.0	175.3	181.2	278.7	170.0	169.9	173.1	173.6	201.3	175.7		180.9	182.6	184.3
August	186.8	159.3	189.3	144.9	192.5	164.7	177.2	259.9	173.9	171.3	173.7	170.9	185.0	175.8	176.8	176.2	183.6	183.7
September	188.9	180.2	191.8	148.0	194.2	166.2	166.2	276.2	170.3	172.3	179.9	169.6	167.3	176.0	177.1	176.5	184.7	184.7
October	180.7	192.0	186.6	147.7	173.6	158.8	154.5	273.2	159.5	173.7	177.6	170.0	176.4	177.2	174.9	175.4	186.3	185.2
November	192.8	164.5	183.6	151.8	170.8	159.0	144.9	283.1	168.3	175.9	180.6	168.7	171.4	178.8	174.8	174.1	187.0	185.6
December	213.6	174.4	191.6	156.1	190.5	167.9	149.6	282.1	167.3	175.8	178.3	168.6	170.5	183.8	179.0	178.5	187.4	187.1
1977																		
January	189.2	198.4	193.5	153.3	186.3	165.4	154.8	305.4	166.8	175.4	177.9	168.4	171.9	184.1	179.3	179.2	188.4	188.0
February	194.8	212.6	199.0	149.1	183.6	163.4	179.2	300.2	166.9	182.9	182.7	169.9	177.6	189.3	181.9	183.0	189.9	190.9
Seasonally adjusted																		
1976				---	---	---	---	---										
January	165.3	192.7	193.3	---	---	---	---	---	168.0	167.4	175.9	---	201.4	---	178.7	---	---	---
February	172.9	188.3	190.1	---	---	---	---	---	162.7	167.2	172.3	---	197.8	---	176.4	---	---	---
March	152.9	184.7	188.0	---	---	---	---	---	165.2	167.7	171.9	---	205.6	---	177.3	---	---	---
April	175.6	181.9	194.9	---	---	---	---	---	167.0	168.3	172.8	---	205.8	---	179.5	---	---	---
May	194.2	168.7	194.3	---	---	---	---	---	167.9	168.9	175.5	---	209.7	---	181.1	---	---	---
June	186.7	148.6	195.3	---	---	---	---	---	169.7	170.0	174.6	---	200.4	---	181.7	---	---	---
July	185.9	161.6	194.2	---	---	---	---	---	171.9	170.2	173.6	---	204.4	---	180.5	---	---	---
August	187.9	172.6	187.3	---	---	---	---	---	176.0	170.8	169.6	---	188.4	---	176.0	---	---	---
September	176.4	187.9	189.1	---	---	---	---	---	170.6	172.0	175.3	---	168.3	---	175.9	---	---	---
October	185.9	204.3	188.1	---	---	---	---	---	168.5	172.7	173.6	---	174.5	---	174.9	---	---	---
November	184.5	174.0	187.1	---	---	---	---	---	166.9	174.3	176.4	---	167.4	---	175.7	---	---	---
December	185.7	187.8	191.9	---	---	---	---	---	166.1	174.9	178.7	---	168.3	---	178.9	---	---	---
1977																		
January	171.8	196.2	194.0	---	---	---	---	---	165.1	175.2	179.7	---	170.9	---	184.5	---	---	---
Feburary	190.2	207.8	198.3	---	---	---	---	---	166.2	183.5	184.2	---	175.3	---	188.1	---	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Bureau of Labor Statistics

Table 7--Expenditures for food in relation to disposable income, 1960-76 1/

Year	Disposable personal income	Personal consumption of expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	349.4	56.3	16.1	14.2	4.1	70.5	20.2
1961	362.9	57.3	15.8	15.1	4.2	72.4	20.0
1962	383.9	57.8	15.1	16.1	4.2	73.9	19.3
1963	402.8	58.8	14.6	17.0	4.2	75.8	18.8
1964	437.0	62.2	14.2	18.0	4.1	80.2	18.3
1965	472.2	66.8	14.2	19.0	4.0	85.8	18.2
1966	510.4	72.4	14.2	20.2	3.9	92.6	18.1
1967	544.5	74.0	13.6	21.0	3.9	95.0	17.5
1698	588.1	79.5	13.4	23.2	3.9	102.7	17.5
1969	630.4	84.7	13.4	24.8	3.9	109.5	17.3
1970	685.9	91.8	13.4	26.8	3.9	118.6	17.3
1971	742.8	94.2	12.7	27.8	3.7	122.0	16.4
1972	801.3	100.5	12.5	30.1	3.8	130.6	16.3
1973	901.7	112.9	12.5	33.9	3.8	146.8	16.3
1974	982.9	128.5	13.1	38.4	3.9	166.9	17.0
1975	1,080.9	141.0	13.0	43.8	4.1	184.8	17.1
I	1,023.8	137.0	13.4	42.1	4.1	179.1	17.5
II	1,088.2	139.6	12.8	43.6	4.0	183.2	16.8
III	1,091.5	143.2	13.1	43.7	4.0	186.9	17.1
IV	1,119.9	144.1	12.9	46.0	4.1	190.1	17.0
1976	1,181.7	150.6	12.7	48.2	4.1	198.7	16.8
I	1,147.6	147.0	12.8	47.0	4.1	194.0	16.9
II	1,172.5	149.3	12.7	48.0	4.1	197.3	16.8
III	1,190.2	150.8	12.7	48.5	4.1	199.3	16.8
IV	1,216.5	154.8	12.7	49.2	4.1	204.1	16.8

1/ Quarterly data are seasonally adjusted annual rates. All data reflect the January 1976 revision in the National Income and Product Accounts. 2/ Data of the Department of Commerce in the Survey of Current Business. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/Includes food consumed on farms where produced. 4/ Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/ Preliminary.

Table 8--Federal cost of USDA food programs (50 States and the District of Columbia only)
(Calendar years 1970-76

	Food stamps		Food distribution 2/			Child nutrition 5/					
	Total issued	Bonus stamps 1/	Needy families	Schools 3/	Other 4/	School Lunch	School breakfast	Special food 6/	Special milk	WIC 7/	Total 8/
	Million dollars										
1970	1,925	1,104	275	234	34	337	14	15	96	---	2,109
1971	3,103	1,699	261	311	37	628	22	34	92	---	3,084
1972	3,615	1,980	225	275	39	785	28	43	91	---	3,466
1973	4,049	2,209	152	253	48	939	43	52	63	---	3,784
I	999	546	45	87	10	290	11	5	30	---	1,024
II	992	537	41	48	11	221	9	9	22	---	898
III	1,007	554	33	29	13	109	6	33	1	---	795
IV	1,052	572	33	89	14	319	17	5	10	---	1,067
1974	5,868	3,498	87	355	36	1,137	67	87	90	33	5,390
I	1,316	794	34	126	9	361	19	9	21	1	1,
II	1,353	799	44	40	11	272	16	14	16	7	1,219
III	1,488	885	4	60	6	132	8	52	16	10	1,173
IV	1,711	1,020	5	129	10	372	24	12	37	15	1,624
1975	7,680	4,602	11	364	33	1,340	94	116	134	106	6,800
I	1,866	1,131	3	142	8	412	27	13	39	18	1,793
II	1,913	1,145	3	79	11	335	24	20	33	30	1,680
III	1,948	1,171	3	23	7	157	11	70	19	29	1,490
IV	1,953	1,155	2	120	7	436	32	13	43	29	1,837
1976	7,822	4,655	9	349	31	1,489	118	238	148	180	7,217
I	2,064	1,249	3	151	8	481	36	23	47	38	2,036
II	1,984	1,187	1	109	3	358	28	35	35	44	1,800
III	1,885	1,114	2	47	10	176	15	156	21	46	1,586
IV 9/	1,889	1,105	3	42	10	474	39	24	45	52	1,793

1/ Includes Food Certificate Program. 2/ Cost of food delivered to State distribution centers. 3/ Includes Special Food Services. 4/ Includes supplemental food, institutions, elderly persons. 5/ Money donated for local purchase of food. Excludes nonfood assistance. 6/ Includes Child-care and Summer Food Programs. 7/ Special Supplemental Food Program for Women, Infants, and Children begun January 1974. 8/ Excludes those food stamps paid for by the recipient. Do not add due to rounding. 9/ Preliminary.

MARKETING DEVELOPMENTS

WHO SELLS FOOD?

Nearly all of us equate food sales with supermarkets. But this forgets the many other kinds of stores and other outlets that sell food to consumers for home use.

Supermarkets account for 56 percent of the sales of food for home use, a doubling of their share in 20 years. The usual image that supermarkets account for nearly all of food sales for home use is partly the result of considering all supermarket sales, not just sales of food. Food accounts for only a little over three-quarters of supermarket sales (see next section). There is no universally accepted definition of a supermarket. A commonly used definition is a food store with sales of $1 million per year or more. The use of this or any other definition with a fixed dollar sales minimum results in counting an increasing number of stores as supermarkets when prices rise. For this calculation, we have set the definition of supermarket sales at $1 million per store in 1967 and moved it annually with the prices of food and other items which supermarkets sell.

Convenience stores have increased their share of the market from almost nothing 20 years ago to nearly 5 percent today. The share of smaller grocery stores has declined fairly steadily for two decades. The rise of the supermarket and the decline of smaller grocery stores reflects many factors including the demise of the independent grocery store and the growth of chains, cooperative and volunteer groups, and franchise operations. Other food stores—meats markets, fruit and vegetable stores, bakeries—declined from 1955 to 1965 but have increased modestly since then.

The share of home delivery, primarily of bread and milk, dropped sharply. A labor-intensive business, home delivery can compete with store sales only in increasingly specialized markets.

Sales of food for home use, 1955-75

Market	1955	1960	1965	1970	1975
	Percent				
Supermarkets	27.4	37.2	44.5	50.2	55.9
Convenience stores	.1	.6	.9	2.4	4.5
Other grocery stores	43.0	36.8	32.6	27.3	21.7
Other food stores	11.1	9.9	8.4	8.6	8.8
Other stores	5.9	5.1	5.2	5.1	4.7
Home delivered	8.3	6.5	4.6	3.2	1.7
Farmers, processors, wholesalers, other	4.2	3.9	3.8	3.2	2.7
Total	100.0	100.0	100.0	100.0	100.0

MORE PRODUCTS IN SUPERMARKETS

The number of items carried by a typical supermarket continues to increase, as bigger supermarkets are constructed. The typical supermarket, according to *Chain Store Age*, carried 7,200 items

Supermarkets: Sales and number of items, 1965-75

Product group	Number of items[1]			Percent of sales		
	1965	1970	1975	1965	1970	1975
	Number	*Number*	*Number*	*Percent*	*Percent*	*Percent*
Perishables (meat, produce, dairy, bakery)	860	827	1,002	49.9	46.7	44.3
Frozen foods	357	475	767	4.0	4.5	5.9
Dry groceries	2,927	3,448	3,180	25.1	26.0	22.4
Soft drinks, candy, gum, nuts	433	548	726	3.0	3.5	4.6
All food	4,577	5,298	5,675	82.0	79.7	77.2
Beer and wine	25	30	557	1.0	1.2	3.2
Nonfoods	2,569	3,208	5,368	17.0	19.1	19.6
Total	7,171	8,536	11,600	100.0	100.0	100.0

[1] Partly estimated by ERS.

Source: Chain Store Age, July issue.

in 1965 and 11,600 in 1975. The increase for food items is about 20 percent, while nonfoods have more than doubled.

Manufacturers introduced 6,600 new food products in the last 10 years and 3,059 nonfood items (see *Progressive Grocer*, December 1976). New item introductions ran over 800 per year in 1967-69, then dropped off in the early 1970's. Chain stores and wholesalers cut back on the number of items they carried in their warehouses during the 1973-74 inflationary period as a means of controlling inventory costs. Manufacturers responded by introducing sharply increased numbers of items in 1974 and 1975.

New items are continually added and some old ones dropped. In 1975, on the average, major grocery warehouses added 460 products and dropped 310, for a net increase of 150 items.

CONSUMER BUYING CLUBS

Consumer buying clubs provide some foods, mostly fresh fruits and vegetables, to their members at prices substantially below those in retail stores. The members make this possible by performing the retail function for themselves. The New York City Department of Consumer Affairs compared prices of 25 New York City cooperative buying clubs with those in their regular sample of 150 retail stores in August 1976. The prices of 13 fruits and vegetables and five other items averaged 33 percent less than the store prices. These comparisons do not include the cost to the coop members of their time or the transportation.

SOUTHERN CITIES REGISTER TOP GROCERY WAGE GAINS

Union wage rates for grocery store workers advanced more rapidly in Southern cities than in other regions over the 2-year period ending July 1975, according to Bureau of Labor Statistics surveys of the industry. Between July 1973 and 1975, Southern cities, traditionally the lowest paying, registered an average wage increase of about 32 percent compared to about 23 percent for all cities within the survey's scope. Among the 70 cities studied—all with at least 100,000 inhabitants—17 of the 20 reporting a 30-percent or higher wage increase in 1973-75 were located in the South. Nationally, the middle range of increases for all grocery workers was between 16 and 27 percent.

Despite large increases, the South still had many low-wage cities, particulary for grocery clerks. For grocery clerks, 6 of the 10 lowest-paying cities studied were in the South, including such large ones as Atlanta, Jacksonville, and Houston. However, only two Southern cities—Jacksonville and Tampa—were among the 10 lowest-paying cities for journeymen meatcutters on July 1, 1975. Occupational wages in 1975 tended to be consistently high or near the top on the West Coast and in the Great Lakes region—a pattern frequently found in union wage surveys conducted by the Bureau. (*Eric D. Shilling*, MONTHLY LABOR REVIEW, Bureau of Labor Statistics, October 1976.)

SOLID CONTENT LABELING FOR CANNED FOODS

A number of fruit and vegetable canners intend to start a voluntary 'solid content' labeling program with the 1977 pack. Cans with the new labels will begin to appear on the shelves late in the year. The National Canners Association recommended the program to provide additional information to consumers. New labels will show two weights—the net weight (including the weight of the liquid) and a new solid content weight. The new solid content weight is the weight of the solid product that was placed in the container during filling.

The Food and Drug Administration has had before it for some time a proposal to require drained weight on the label. This would be the weight of the solid material after the liquid had been drained off. The National Canners Association estimates that the industry costs for the "solid content" program will be approximately $10 million per year and that the cost of the "drained weight" program would be $104 million per year. The cost difference arises because canners already monitor the weight of the fruit or vegetable put into the can but they would have to open cans to check the drained weight.

NEW TECHNOLOGY AT THE SUPERMARKET CHECKOUT

While most food shoppers have heard of automated supermarket checkouts and have seen the Uniform Product Code (UPC) label on packages in the supermarket, only those patronizing a few of the Nation's 32,000 supermarkets have their purchases checked out "automatically." By December 1976, 55 food distribution firms, including both chains and independent food stores, had equipped 108 stores with UPC label scanning checkouts. Although many of these installations are consid-

ered field tests, one firm has equipped 14 and two firms have equipped seven stores each.

The automated UPC system became possible when U.S. food product manufacturers and food distributors cooperatively developed and implemented the Uniform Product Code to identify individual food items. Each item is labeled with a machine-readable symbol embodying the item code number. Optical scanners function with computer-based or stand-alone checkout terminals to assimilate and process product information. As the checker passes the coded package over the scanner, the item is identified and the corresponding price is automatically looked up in the computer, displayed for the customer, and printed on the sales receipt. Information on customer transactions may be electronically stored for management uses.

The idea of automating checkouts dates back to 1932. The first workable experimental store checkout model was tested by USDA's Agricultural Research Service in 1970. While still in the early stages of adoption, UPC scanning is considered a major innovation in food retailing and offers promise of improved productivity both at the store and industry level.

Potential short-term store savings are in such areas as checkout labor, item price marking, and routine ordering. Longer-term cost reductions from labor scheduling, inventory management, merchandising, and shrinkage, may exceed the more immediate savings. Although there appear to be savings to food retailers, some consumer and labor groups are opposed to UPC installations unless individual item pricing is maintained. Maintenance of item price marking would result in some reduction in productivity gains. An assessment of the various impacts of UPC technology is being made by ERS. (*Gerald Feaster and Ray Nightingale*)

SALES BY RETAIL STORES

Sales by food stores increased 7 percent in 1976 to total $141 billion. With retail store prices for food at home up about 2 percent, the increase represented a large volume gain. Sales by eating and drinking places totaled $52.3 billion, up 10 percent from a year earlier, but two-thirds of this gain was due to higher prices.

Sales of all retail stores increased 11 percent in 1976. With consumer prices for all commodities up about 6 percent, there appears to have been a volume gain of about 5 percent. Much of the increase was due to higher automobile sales. Durable goods store sales rose 18 percent and nondurable goods 8 percent.

Grocery store sales of food increased 8.7 percent in 1975, according to in the September 1976 edition of *Supermarketing* magazine. This compares with an increase of 13.7 percent in 1974. After adjusting for price increases, the volume of food moving through grocery stores apparently increased nearly ½ percent in 1975, compared with a drop of 1.3 percent in 1974.

Sales increased for every major food category except eggs in 1975. Price increases accounted for almost all of the sales advances for red meats, cereal and bakery products, and dairy products. Sales rose less than prices for beverages, poultry, and prepared foods, implying that actual volume for these items declined. Egg volume also appears to have fallen as the decline in egg sales was much greater than the drop in prices. However, price increases for fish accounted for about two-thirds of the sales increase, implying a gain in volume.

Only fractional changes occurred in the way consumers distributed their grocery store food dollars in 1975. The largest increase was a 0.5 percent change for red meats. Cereal and bakery products, beverages, and nonalcoholic beverages also increased slightly. Offsetting were declines for eggs, dairy products, and fruits and vegetables.

Distribution of grocery store sales, by commodity group, 1963, 1970, 1974. and 1975

Commodity group	Percentage of food sales			
	1963	1970	1974	1975
	Percent			
Food:				
Meat, poultry, fish	33.0	35.7	34.4	34.9
Meat	25.8	28.6	27.6	28.1
Poultry	5.0	4.9	4.5	4.5
Fish	2.2	2.2	2.3	2.3
Eggs	1.5	1.2	1.2	1.0
Dairy products	10.1	9.1	9.3	8.9
Fruits and vegetables	24.7	24.5	25.2	24.7
Fresh products	13.2	14.0	14.9	14.8
Processed products	11.5	10.5	10.3	9.9
Cereal and bakery products	12.8	11.7	11.2	11.4
Nonalcoholic beverages	6.9	7.2	7.6	7.7
Other foods	11.0	10.6	11.2	11.4
Total	100.0	100.0	100.0	100.0

Source: Supermarketing Magazine.

The total amount spent on food in grocery stores rose from $57 billion in 1970 to $93 billion in 1975, an increase of almost 63 percent. When adjusted for price increases, volume during this 5-year period appears to have advanced about 8½ percent. Population increases accounted for about half of that change, so that measured in constant dollars, sales per person advanced about 4½ percent, but little change occurred in the distribution of the food dollar.

Much of the significant change in distribution of the food dollar appears to have occurred over the previous 7 years (1963-1970). During that period, red meats jumped almost 3 cents out of every dollar. Declines for dairy products, eggs and processed fruits and vegetables were partially offsetting. Cereal and bakery products also declined, but have been rising again over the past few years, in large part reflecting higher prices. (*Anthony Gallo*)

CONTRIBUTION TO RETAIL FOOD PRICES TO CHANGES IN THE CONSUMER PRICE INDEX, 1976

For the second time in 5 years, retail food prices have increased less than other items in the BLS Consumer Price Index.

Market basket of farm foods[1]

Product group	Annual			1975	1976			
	1974	1975	1976	IV	I	II	III	IV
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Retail cost								
Meat	532.67	582.68	583.96	633.28	601.86	588.69	591.03	554.24
Dairy	296.33	302.65	331.49	314.70	328.58	328.17	331.10	338.10
Poultry	68.32	75.42	72.51	79.00	74.92	73.72	73.75	67.65
Eggs	56.90	55.24	61.03	57.82	62.11	54.98	61.54	65.50
Bakery and cereal	277.30	304.29	299.32	298.68	300.10	299.80	298.39	299.03
Fresh fruits	73.15	74.82	75.51	68.77	66.90	74.16	81.36	79.63
Fresh vegetables	118.84	114.07	120.87	113.97	121.14	125.55	117.78	119.00
Proc. fruits and veg.	165.99	187.40	189.54	188.54	190.46	189.00	188.25	190.44
Fats and oils	75.74	81.39	69.52	75.75	71.79	68.38	67.62	70.29
Miscellaneous	84.32	98.12	91.69	92.31	91.99	92.27	91.47	91.03
Total	1,749.56	1,876.08	1,895.44	1,922.82	1,909.85	1,894.72	1,902.29	1,874.91
Farm value								
Meat	299.16	347.51	314.56	366.17	327.69	339.50	309.30	281.76
Dairy	145.81	149.50	169.93	165.62	171.77	167.05	172.15	168.74
Poultry	38.24	44.21	39.82	46.74	42.44	40.16	41.78	34.88
Eggs	38.65	36.46	42.08	39.06	42.15	36.49	43.25	46.47
Bakery and cereal:								
All ingredients	69.15	56.60	46.07	51.82	50.58	49.65	45.17	38.89
Grain	48.76	39.30	32.67	37.82	37.00	36.12	31.57	26.00
Fresh fruits	21.79	22.80	21.43	19.80	17.56	19.96	24.11	24.09
Fresh vegetables	39.79	39.58	40.22	38.87	42.28	40.75	37.54	40.30
Proc. fruits and veg.	36.37	40.04	38.84	40.05	39.18	39.02	38.81	38.33
Fats and oils	35.49	27.76	22.46	22.07	20.00	19.86	25.23	24.76
Miscellaneous	22.87	19.64	13.93	15.79	15.25	15.05	13.31	12.09
Total	747.32	784.10	749.34	805.99	768.90	767.49	750.65	710.32
Farm-retail spread								
Meat	233.51	235.17	269.40	267.11	274.17	249.19	281.73	272.48
Dairy	150.52	153.15	161.56	149.08	156.81	161.12	158.95	169.36
Poultry	30.08	31.21	32.69	32.26	32.48	33.56	31.97	32.77
Eggs	18.25	18.78	18.95	18.76	19.96	18.49	18.29	19.03
Bakery and cereal	208.15	247.69	253.25	246.86	249.52	250.15	253.22	260.14
Fresh fruits	51.36	52.02	54.08	48.97	49.34	54.20	57.24	55.54
Fresh vegetables	79.05	74.49	80.65	75.10	78.86	84.80	80.25	78.70
Proc. fruits and veg.	129.62	147.36	150.70	148.49	151.28	149.98	149.44	152.11
Fats and oils	40.25	53.63	47.06	53.68	51.79	48.52	42.39	45.53
Miscellaneous	61.45	78.48	77.76	76.52	76.74	77.22	78.16	78.94
Total	1,002.24	1,091.93	1,146.10	1,116.83	1,140.95	1,127.23	1,151.64	1,164.59
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Farmer's share								
Meat	56	60	54	58	54	58	52	51
Dairy	49	49	51	53	52	51	52	50
Poultry	56	59	55	59	57	54	57	52
Eggs	68	56	69	68	68	66	70	71
Bakery and cereal:								
All ingredients	25	19	15	17	17	17	15	13
Grain	18	13	11	13	12	12	11	9
Fresh fruits	30	30	28	29	26	27	30	30
Fresh vegetables	33	35	33	34	35	32	32	33
Proc. fruits and veg.	22	21	20	21	21	21	21	20
Fats and oils	47	34	32	29	28	29	37	35
Miscellaneous	27	20	15	17	17	16	15	13
Average	43	42	40	42	40	41	39	38

[1] Annual rate.

The Consumer Price Index rose about 6 percent in 1976, with food prices up 3 percent and nonfood items about 6½ percent higher. Since food accounts for approximately a fifth of the CPI, food price increases contributed 14 percent of the overall CPI advance, while nonfood items accounted for the rest.

Within the food category, meals and snacks eaten away from home acccount for about a fifth while food at home comprises the residual. In 1976, food away from home prices rose at about three times the pace of food at home, so over half of the increase in the food category was due to away-from-home prices.

Because a major portion of the cost of restaurant meals and snacks is comprised of nonfood goods and services, retail prices for away from home eating tend to follow more closely price movements in the nonfood CPI. Price increases for food at home contributed less than 6½ percent of the total advance in the CPI.

Dairy products accounted for a major portion of the food at home advance along with beverages, (mostly coffee) and fish. Somewhat offsetting, however, were declines for cereal and bakery products, poultry, sugar and sweets, and partially prepared foods. *(Anthony Gallo)*

CONSUMER RESEARCH DEVELOPMENTS

In this section, we will present brief results of ERS research and a sample of that done by others. We will also cover developments in research and associated data-gathering activities, including consumer surveys. Our coverage will be selective—it cannot include much work by private organizations which is not publicly available.

CHANGES IN CONSUMER SATISFACTION WITH FOOD PRODUCTS AND SERVICES

by Charles Handy and Christine Hager

What do consumers want in food products and marketing services and how well is the food industry meeting these needs? What are the problem areas? Is consumer satisfaction increasing or decreasing? To help answer these questions a nationwide survey was conducted in March 1974 and again in April 1976.[1] Results of the 1976 survey highlighted in this article show a moderate increase in consumer satisfaction with food products, food stores, and shopping information from labels and ads. However, the amount of change in satisfaction differed widely among food products and services.

Changes in the overall shopping environment between 1974 and 1976 undoubtedly had some unmeasurable effect on survey results. By spring 1976, the rate of increase in food prices was only one-third of the record 1974 rates. Meat prices were actually below the record highs of 1973-74. Other changes included a growing public awareness of issues concerning food safety, additives, and nutrition.

Satisfaction was measured on a five-point scale: 1—always satisfied, 2—almost always satisfied, 3—sometimes satisfied, 4—rarely satisfied, and 5—never satisfied. An average score was constructed to facilitate comparisons between items and time periods. An average score of 1.00 would mean that all respondents selected the "always satisfied" option. Similarly, the highest score, 5.00, would have shown that all respondents checked the "never satisfied" option.

Satisfaction With Food Services

Food Stores and Advertising

Food stores generally received high marks from consumers. Three of every four respondents said they were always or almost always satisfied with food stores where they most often shop, a moderate improvement from the 1974 survey.

Price information—which 70 percent of food shoppers say they use to compare prices on food products—was slightly more satisfactory to shoppers in 1976 than in 1974. Still, 40 percent of the 1976 survey participants expressed moderate to strong dissatisfaction with how food stores presented prices.

Food ads sponsored by manufacturers have a low reliability rating. Even though the rating improved slightly in 1976, nearly a third said they were rarely or never satisfied with manufacturers' ads. In comparison, satisfaction with the reliability of ads sponsored by food stores was high in 1974 and 1976.

Labeling

Information on labels concerning freshness (open dating), nutrition, and ingredients are important shopping aids, according to another ERS study.[2] Despite the perceived usefulness of these aids, consumers' actual experience with open date, nutritional, and ingredient labeling received low marks. In the case of open dates on food packages, consumers have expressed considerable confusion about what the various types of dates mean.[3]

Away-From-Home Eating

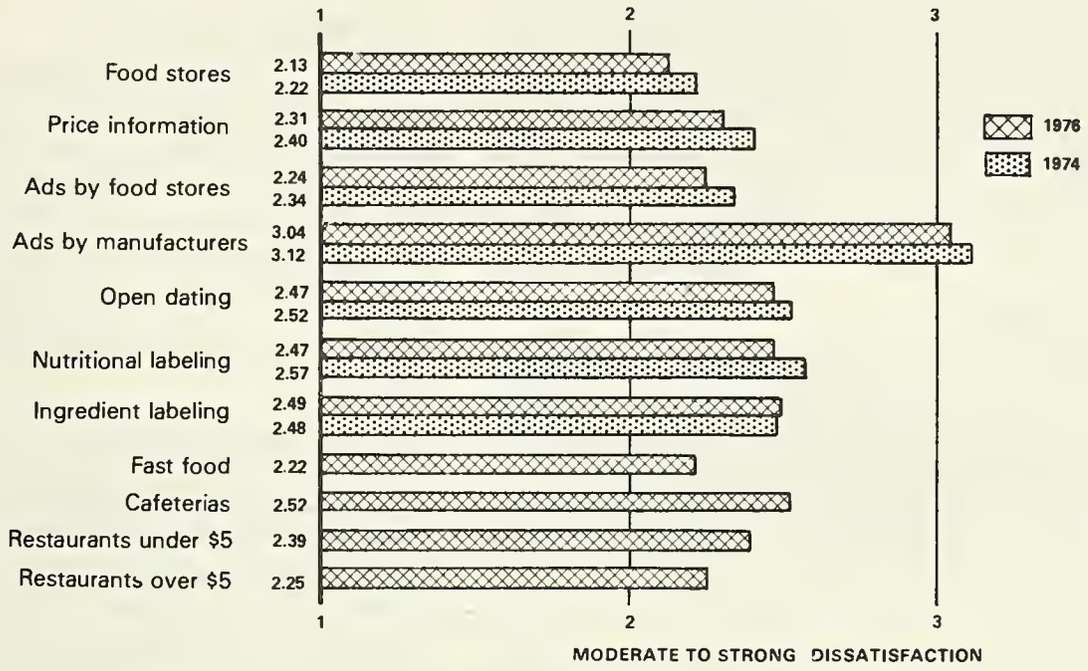
One of the fastest-growing segments of the food industry is the away-from-home eating sector. Participants were most satisfied with fast food restaurants, followed closely by restaurants where the main course is $5 or more. Consumers were less favorably impressed with restaurants where the main course is under $5 and were most dissatisifed with cafeterias.

[1] Handy, Charles R. and Martin Pfaff, "Consumer Satisfaction With Food Products and Marketing Services", ERS, USDA, AER 281, March 1975, 53 pp.

[2] "Label Information Helps Food Shoppers", The Farm Index, Economic Research Service, U.S. Dept. of Agr. November 1976. Vol. 15, No. 11, p. 8.

[3] Ibid., p. 8.

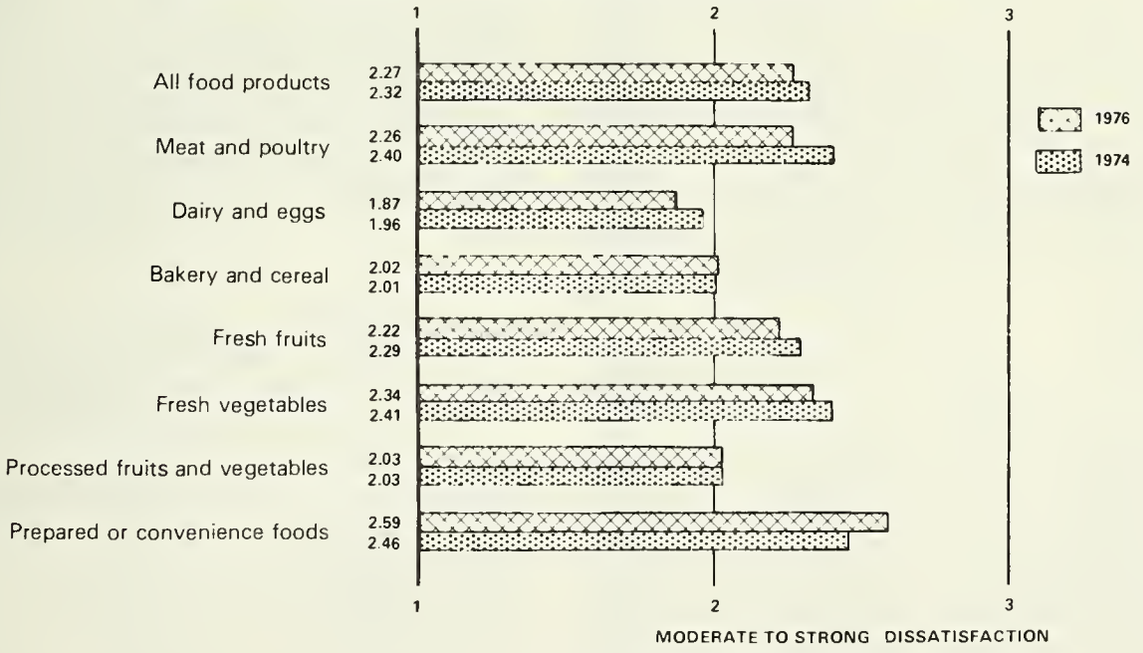
AVERAGE LEVEL OF CONSUMER DISSATISFACTION WITH FOOD SERVICES *



*BASED ON A 5-POINT SCALE: 1-ALWAYS SATISFIED; 5-NEVER SATISFIED.

FIGURE 1

AVERAGE LEVEL OF CONSUMER DISSATISFACTION WITH FOOD PRODUCTS *



*BASED ON A 5-POINT SCALE: 1-ALWAYS SATISFIED; 5-NEVER SATISFIED.

FIGURE 2

Satisfaction With Food Products

The modest improvement in consumers' overall rating of food products was probably due in part to a leveling of food prices compared to 1974. This improvement in overall satisfaction spilled over to individual food product groups, notably meat and poultry, dairy and eggs, fresh fruits, and fresh vegetables and bakery and cereal products was unchanged. However, satisfaction decreased sharply for prepared or convenience foods in 1976. Nearly one in every five respondents said they were rarely or never satisfied with this product group.

Meat and Poultry

Of all seven food product groups, satisfaction improved most for meat and poultry products. Satisfaction increased for all meat items except pork. For red meat items, respondents continued to be dissatisfied with amount of fat, tenderness, and price. However, satisfaction with price improved markedly from a very low 1974 rating. Discontent with value received for money spent was highest for pork followed by beef and lamb. Respondents rated chicken as the best value.

Dairy Products and Eggs

Among product groups, consumers were most content with dairy products and eggs. Nevertheless, satisfaction dropped for five of the seven products. Dissatisfaction with price, while still high, improved from the poor 1974 ratings for all products in this group. Margarine got the best value rating of all 32 products tested. In 1976, dissatisfaction with the healthfulness of each product in this group increased noticeably from a low 1974 base.

Bakery and Cereal Products

Consumers gave good marks to the four products in this category. However, discontent with

Consumer satisfaction with food products

Item	Always or almost always satisfied	Sometimes satisfied	Rarely or never satisfied	Level of satisfaction[1]	
	1976			1974	1976
	Percent			*Weighted average*	
Meat & poultry:					
Beef	58.7	36.8	4.4	2.42	2.35
Chicken	76.0	19.5	4.5	2.11	2.10
Lamb	57.2	30.5	2.4	2.33	2.22
Pork	61.6	32.8	5.5	2.30	2.36
Dairy products & eggs:					
Margarine	84.9	14.0	1.0	1.64	1.77
Butter	85.7	13.1	1.2	1.66	1.80
Cottage cheese	77.1	20.4	2.5		2.01
Cheese	81.0	17.8	1.1	1.90	1.94
Ice milk	78.6	19.0	2.4	1.93	1.98
Fresh milk	87.0	11.6	1.4	1.77	1.78
Fresh eggs	81.6	15.9	2.5	1.95	1.93
Bakery & cereal products:					
Bread	83.2	12.3	3.9	1.93	1.92
Packaged cake mix	84.8	12.6	2.7	1.81	1.84
Cookies	64.9	27.2	7.8	2.11	2.25
Breakfast cereals	75.0	20.9	4.0	1.92	2.04
Fresh fruits:					
Fresh apples	65.6	29.0	5.4	2.30	2.21
Fresh oranges	66.7	27.2	6.1	2.33	2.24
Fresh vegetables:					
Iceberg lettuce	52.5	37.3	10.2	2.54	2.49
Fresh potatoes	63.9	28.2	8.0	2.51	2.32
Fresh tomatoes	34.2	40.6	25.2	2.97	2.86
Processed fruits & vegetables:					
Canned peaches	80.5	15.3	4.2	1.90	1.92
Frozen orange juice	85.9	11.4	2.7	1.76	1.75
Canned fruit juice	74.9	19.1	6.0	1.93	2.00
Canned corn	72.8	22.8	4.4	1.90	2.07
Canned tomatoes	74.8	22.6	2.6	1.97	2.03
Frozen vegetables	77.8	17.5	4.7	2.04	2.03
Prepared or convenience:					
Frozen TV dinners	45.7	36.9	16.4	2.55	2.56
Ready-to-eat puddings	60.7	27.3	12.0	2.19	2.35
Baby food	60.4	23.9	15.8	2.13	2.38
Frozen vegetables boiled in bag	75.5	18.4	6.1	2.14	2.09
Toaster pastries or tarts	65.7	23.9	10.4	2.46	2.28
Products added to fresh meat	54.0	34.2	11.8	2.64	2.45

[1] Based on a 5-point scale. Higher scores denote higher levels of dissatisfaction.

both cookies and breakfast cereals increased significantly. Healthfulness, price, and value received were seen as problems.

Fresh Fruits and Vegetables

Respondents were generally more satisfied with fresh fruits than with fresh vegetables. Dissatisfaction remained especially high with tomatoes and iceberg lettuce. Tomatoes again received the highest dissatisfaction rating of all products tested. In addition to price and value, consumers were strongly critical of taste, ripeness, and appearance.

Prepared or Convenience Foods

This category received the poorest rating of all product groups in 1974, and consumers were even more dissatisfied in 1976. While choice of product and ease of preparation received high marks, satisfaction with healthfulness declined for four of six products from a low 1974 base. In a separate survey, consumers generally viewed highly processed foods as less nutritious than natural or less-processed foods.[4]

All six products in the prepared foods category also received poor ratings on price and value received.

Summary

In general, consumers said they were more satisfied with food products and services in 1976 than in 1974. But many products and services received strong criticism.

Concerns with health and safety of convenience foods together with inconsistent quality of perishable food items still pose problems for the industry and the consumer. Changes in consumer satisfaction with food products and services may help explain and foreshadow subtle changes in diets and food purchases.

ARE HEALTH CONCERNS CHANGING THE AMERICAN DIET?
by Judith Lea Jones

The American public has become aware of the effects of their food habits on their health. Nutritionists, the media, and food processors, with their emphasis on "eating smart," "thinking thin," and "getting back to nature," have had an impact. The Economic Research Service, in an attempt to assess what diet changes were being made, and by whom, surveyed roughly 1,400 U.S. households in the spring of 1976.

People in around half the survey households were altering their diets due to health concerns, either to alleviate existing health problems or to avoid potential ones. Diet changes were more likely in higher income households, where families were larger and the homemaker more highly educated.

Diet Changes to Meet Existing Health Problems

In better than 3 out of 5 of all households someone had a health problem (either diagnosed by a physician or self-ascribed) and in about 2 out of 5 someone had changed diet to meet the problems. Older, poorer, smaller households and those with less schooling were less likely to change their diets to alleviate specific health problems.

The health problems most frequently mentioned were: overweight, 30 percent of the households; high blood pressure (hypertension), 22 percent; allergies, 20 percent; heart disease, 9 percent; kidney problems, 8 percent; and diabetes, 7 percent. A look at the health problems most likely to induce remedial diet changes shows diet changes were found in 88 percent of households with persons having high cholesterol levels, in 75 percent of those with diabetes, in 64 percent of those overweight, and in 55 percent of those with high blood pressure.

Diet Changes To Avoid Potential Health Problems

One-fourth of the households surveyed reported diet changes to avoid potential health problems; about half of these households also made other diet changes to meet existing health problems. As before, larger households, higher-income households, and those with homemakers with more schooling were more likely than others to introduce preventive diet changes.

Changing Diets—Foods Avoided and Foods Added

Households changing diets, for whatever reason, most often reported an avoidance of sweets and snacks, fried foods, fatty red meat, ice cream, and soft drinks. The leading additions to diets were lowfat milk and cheese, lean red meat, fish, fresh fruits and vegetables, poultry, and broiled and baked foods. In general, diet conscious consumers sought to cut down on items relatively high in sugar, saturated fats and oils, and in many cases, calories.

[4] *Weekly Digest*. American Institute of Food Distribution, Vol. 82, No. 24, June 12, 1976, p. 2.

Some dietary change patterns were characterisic of households with specific health problems. For example, in households where someone had a high-cholesterol problem, fried foods, butter, eggs, and fatty red meat were the items most frequently avoided. Households with diabetics avoided sweets and snacks, soft drinks, and sugar more often than they did other foods and beverages. In households reporting heart disease or high blood pressure, fatty red meat, sweets and snacks, fried foods, and salt were the items most frequently avoided.

Checking Food Labels

Health concerns have led some households to look for special information on the labels of food and beverage products. Nearly two-fifths of the households, whether or not they made diet changes, checked labels for health-relevant information.

About a fourth of all respondents reported looking at health-related food label information with a view to preventing potential health problems. Some 41 percent of homemakers from households with existing health problems checked food labels for information pertinent to their specific problems—some of these homemakers were also attempting to prevent potential problems and, thus, were included in the first group.

Potential Impact on Consumption

The survey shows a significant share of U.S. households changing their diets for health reasons. It gives us measures of the proportions of households reporting health problems and making diet changes. It did not attempt to measure the amount of change in diets and consumption.

Many other forces are affecting food consumption, including changes in prices, incomes, household size, and the age structure of the population. This survey is only the first step in assessing the impacts of health considerations along with all of the other factors on food consumption patterns.

Some of the effects on consumption of all of these factors, including health considerations, are reported in PERSPECTIVES, in this situation. More salad vegetables and increasing sales of dietetic soft drinks are part of the picture. The rapid shift from whole milk to low-fat milk is another. With more extensive labeling for nutritional content or ingredients, consumers who are seeking to make health-related or other changes in their diets will find it easier to do so.

Over the long pull, the effects of health considerations on diets will continue to be important and quite likely cause more demand shifts between different foods.

HOUSEHOLD ENERGY ADJUSTMENTS

by Richard B. Smith
and Susan E. Cobb

In recent years, energy bills have been rising in nearly every American household. The outlook for any relief in the future appears dim. Because of rising household energy prices, ERS became concerned about what people were doing inside their homes, if anything, to reduce energy consumption.

About 75 percent of the U.S. households interviewed during the spring of 1976 indicated they had made some type of adjustment to reduce energy use in 1975 because of higher energy prices. However, only about one-third of all households felt they were actually using less energy than they had in 1974 and one-sixth thought they were using more. Data from the Federal Power Commission and the Bureau of Mines suggest that energy use per household did not change from 1974 to 1975. While this period of no-growth was an improvement over the 2 to 3 percent annual increase per household in the 1960's, it still indicates that conservation efforts were either ineffective or offset by a larger inventory of household appliances.

Adjustments Made in Energy Use

The most common adjustments made by households were outside the kitchen—slightly over half reduced lighting and heating and 40 percent of those with clothes dryers and air conditioners reduced the use of these appliances. One-third of the households made some cuts in the kitchen—chiefly reducing oven and dishwasher use. Only a few respondents reduced stovetop cooking or used fewer specialty appliances such as toasters and electric skillets.

Few reported raising the temperature settings on refrigerators and freezers or discontinuing the use of freezers (1 to 3 percent). An earlier ERS survey concerned with food safety found that approximately one-third of the people had refrigerator temperatures set at 45° F or higher—temperatures which are not cool enough to check bacterial growth. Further upward modifications in the setting could lower food quality and raise questions about food safety.

Characteristics of Households Making Adjustments

Energy-related adjustments in households during 1975 differed significantly between types of households. Higher income households—with a large inventory of appliances and perhaps large living quarters providing a wider range of energy-

saving options—made more adjustments than lower income households. Both cooking and non-cooking adjustments occurred more frequently in the higher income group.

Also, the younger households and those with children made more energy cuts than households where the respondent was 65 years or older and households without children. Cooking adjustments were also slightly more common in households with children.

Household size was also a significant factor, corresponding somewhat to age differences. Slightly more than half of the single-member households made any adjustments, compared with about four-fifths of the households with three or more members.

What if Energy Prices Go Higher?

To find out what factors enter into energy use, each respondent was asked what energy-related adjustments would be made as a result of a hypothetical 25 percent increase in energy prices.

Three-fourths of the families indicated they would make changes, including almost half of those which made no changes in 1975. However, about a fourth who had already made an adjustment indicated they would make no more or were uncertain if they would do so if prices rose the hypothesized 25 percent.

Again, the most common adjustment would be in reduced heating and lighting, although slightly fewer thought they would make these adjustments than did in 1975. More households would reduce the use of specialty cooking appliances, clothes dryers, and recreational items.

Food Demand

Respondents who reduced cooking to save energy most frequently did so by using their ovens to cook more foods at the same time and by substi-

Proportion of households making energy-related adjustments between 1974 and 1975, by household income level

Uses	Under $5,000	$5,000-9,999	$10,000-14,000	$15,000-24,999	$25,000 and over	United States
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Cooking reductions:						
Oven cooking and/or baking	16	18	17	18	18	17
Specialty cooking appliances	6	9	7	12	3	8
Stove top cooking	6	7	6	7	4	6
Other reductions:						
Lighting	41	53	54	66	62	53
Heating	35	51	52	66	60	51
Air conditioning	11	16	23	30	30	21
Clothes dryer	6	17	20	24	11	16
Hot water heater	9	14	16	20	11	14
Dishwasher	2	8	13	14	22	11
Recreational items	10	10	8	12	5	9
No changes	43	26	20	12	20	25

Proportion of households making energy-related adjustments between 1974 and 1975, by age of respondent

Uses	Under 25	25-34	35-49	50-64	65 and over
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Cooking reductions:					
Oven cooking and/or baking	15	17	18	18	14
Specialty cooking appliances	12	9	8	6	3
Stove top cooking	6	5	7	9	4
Other reductions:					
Lighting	59	62	56	52	31
Heating	47	55	58	51	34
Air conditioning	22	22	24	20	13
Clothes dryer	13	21	19	16	7
Hot water heater	11	15	18	13	12
Dishwasher	6	12	14	12	7
Recreational items	12	13	9	7	4
No changes	27	17	21	22	49

tuting specialty cooking appliances for oven or stove top cooking. Only 4 percent of all households surveyed purchased more food which needed little or no cooking or baking. There was even less evidence of more away-from-home eating because of higher energy prices.

Households making cooking and other adjustments between 1974 and 1975

Household characteristics	Type of adjustments		
	Cooking	Other (non-cooking)	None
	Percent	*Percent*	*Percent*
Composition:			
Children	27	52	21
No children	23	47	30
Size:			
One member	16	40	44
Two members	26	47	27
Three or four members	28	53	19
Five or more	24	54	22
Education:			
Elementary or less	16	41	43
Incomplete high school	29	44	27
High school graduate	25	51	24
Incomplete college or vocational education	30	53	17
College education	24	56	20
Employment:			
Fulltime by one or more	27	54	19
Parttime only by one or more	26	42	32
None	18	39	43
Housing:			
Owner-occupied	26	52	22
Renter-occupied	23	43	34
Community urbanization:[1]			
Central cities	22	44	34
Suburban and smaller urban	26	55	19
Rural	27	47	26
Region:			
Northeast	24	54	22
North Central	27	49	24
South	25	42	33
West	23	57	20

[1] Central cities include urban parts of Standard Metropolitan Statistical Areas (SMSA's) with populations of 50,000 or more. Suburban and small urban include the suburbs of the SMSA's and the urban areas of populations of 2,500 or more outside the SMSA's. Rural includes rural areas inside and outside the SMSA's.

Households making cooking changes by changing food purchasing patterns between 1974 and 1975

Household characteristics	Changes associated with cooking adjustments		
	More foods requiring less cooking or baking	Eating out more	Other cooking changes
	Percent	*Percent*	*Percent*
Per capita income:[1]			
Less than $2,000	26	0	74
$2,000-3,999	26	1	73
$4,000-6,999	14	7	79
$7,000 or more	6	8	86
Housing status:			
Owner-occupied	14	4	82
Renter-occupied	32	2	66

[1] Per capita income estimated using mid-points of income categories and number of persons in household.

Summary

Although three-fourths of the households made adjustments because of higher energy prices, relatively few made significant cooking adjustments in 1975 and few would likely do so if energy prices rose further. Therefore, although about 4 percent of the respondents indicated they would shift to foods requiring less cooking or baking (or none at all) if prices rose 25 percent, the increase in demand for this kind of food due to the desire to reduce energy use likely would be minimal.

However, if energy shortages continued or if prices increased at a rapid rate without any increase in real income, consumers might begin to purchase significantly more ready-to-eat or precooked foods. Thus, while the demand for energy would be shifted away from households, it would be shifted to food processors and distributors. A major question is whether the net effect would be more efficient energy use.

USDA HOUSEHOLD FOOD CONSUMPTION SURVEY TO BEGIN IN APRIL

A one-year nationwide food consumption survey by USDA is scheduled to start in April 1977. Approximately $7 million will be spent over 3 fiscal years to obtain and analyze the survey data.

It will be the most comprehensive survey of its kind ever undertaken—data collectors will visit 15,000 households. In addition to checking food consumption by households and by individuals, the survey will include two supplemental data collections. In one, food consumption data will be gathered in Alaska, Hawaii and Puerto Rico, and the other will be in 5,000 households where elderly people live.

The 1977-78 survey will be the sixth nationwide food consumption survey. Earlier ones were done in 1935-36, 1942, 1948, 1955, and 1965-66. Data from nationwide surveys are used in many nutrition and education programs, and are the principal

statistical sources for developing national food and nutrition policy.

USDA's Agricultural Research Service (ARS) has chief responsibility for planning and developing criteria for the survey, and supervising data collection. ARS' Consumer and Food Economics Institute (CFEI), Hyattsville, Md., will analyze and evaluate the data and make it available to a variety of users.

Other government agencies providing support for the survey are the Administration on Aging of the Office of Human Development, Social Security Administration, and the Food and Drug Administration, U.S. Department of Health, Education and Welfare; the National Marine Fisheries Service, U.S. Department of Commerce; and USDA's Food and Nutrition Service.

A commercial firm under contract with ARS, the National Analyst Division of Booz, Allen, and Hamilton, Inc., Philadelphia, Pa., will do the actual data collection. Dr. Lucy Wilson is the contractor's representative and project leader and Dr. Robert L. Rizek, CFEI chairman, is the ARS representative. Selection of the contractor was under competitive criteria of the Agricultural Marketing Act of 1946.

CONSUMERS' NUTRITION KNOWLEDGE SURVEY

Confidence in one's knowledge about nutrition and actual knowledge do not necessarily coincide. Report II of the "Consumer Nutrition Knowledge Survey" conducted for the Food and Drug Administration in 1975 shows that 40 percent of shoppers scoring low on a nutrition knowledge test believed they knew little or nothing about nutrition, but about 20 percent believed that they knew a great deal. About half of those scoring high were aware of their knowledge but 40 percent felt they knew little or nothing. The most overconfident were those under 34; the most underconfident were those over 50.

These findings are from a study made by the A.C. Nielsen Company for FDA which indicated that 9 in 10 principal grocery shoppers felt that they have no problem providing a nutritious diet for their families. Half of those admitting any problem said that prices were too high. Yet, when asked to define a nutritious diet, most did so in terms of meat and vegetables as principal components and ignored choices having to do with nutrients.

The FDA report also includes data on attitudes toward nutritional labeling, open dating, and other food-related beliefs and practices.

For a copy of the report, ask for *FDA Consumer Nutrition Knowledge Survey, Report II 1975*, DHEW Pub. (FDA) 76-2059, 1976. Division of Consumer Studies, Office of Nutrition and Consumer Sciences, Bureau of Foods, Food and Drug Administration, Washington, D.C., 20201. (*Corinne Le Bovit*)

CONSUMER PRICE INDEX REVISION POSTPONED

The completion of the comprehensive program to revise the Consumer Price Index will be delayed beyond the previously announced date of April 1977. Although much of the work required for the revision has been completed, serious problems have been encountered, principally in the design and operation of the new computer system required to process and calculate the indexes and in data validation. The Bureau of Labor Statistics now estimates that it will take until fall to complete the revision program and publication of a revised Consumer Price Index for Urban Wage Earners and Clerical Workers as well as a new Consumer Price Index for All Urban Consumers.

Until these revised indexes are officially introduced, the Bureau will continue to publish the present CPI. In accordance with previously announced plans, the Bureau also will continue the present CPI for a 6-month period after the introduction of the revised indexes.

FOOD EXPENDITURES AND INCOME

Preliminary data from the interview survey of the Consumer Expenditure Survey conducted by the Bureau of Labor Statistics in 1972 and 1973 are now available. Statistics on annual expenditures of families for commodity and service groups are available for each of the 2 years.

Between 1972 and 1973, the Consumer Price Index indicated a 14-percent rise in food prices and only a 6-percent rise in all items. The average U.S. family surveyed was able to hold constant the percent of its income (before taxes) spent for food. However, there was considerable variation among groups of families. For some, food expenditures rose faster than income; for others the reverse. The proportion of income spent for food increased most for families with incomes below $3,000, families in the South, and those living inside metropolitan areas. Where food expenditures rose less than food prices, it might have been related to a shift to less expensive choices, use of less food, less food wasted, home gardening, etc.

For more data on expenditures for food and other goods and services see "Consumer

Expenditure Survey Series: Interview Survey, 1972 and 1973," Report 455-3, U.S. Dept. Labor, Bureau of Labor Statistics, Washington, D.C. 20210. Preliminary data from the Diary Survey of the Consumer Expenditure Survey appeared in the National Food Situation, May 1975, NFS-152. *(Corrine Le Bovit)*

Percent of money income (before taxes) spent for food at home and away[1] All families and single persons, Consumer Expenditure Interview Survey, 1972 and 1973

Income and area	1972	1973	1973 as a percent of 1972
	Percent	*Percent*	
Under $3,000	38	46	123
3,000-3,999	28	28	100
4,000-4,999	23	24	104
5,000-5,999	21	21	101
6,000-6,999	18	18	99
7,000-7,999	17	18	104
8,000-8,999	15	16	106
10,000-11,999	15	15	101
12,000-14,999	13	13	103
15,000-19,999	12	12	105
20,000-24,999	10	11	105
25,000 and over	6	7	114
All families[2]	14	14	101
Region			
Northeast	14	14	100
North Central	12	12	102
South	13	14	105
West	13	12	94
Type of Area			
Inside SMSA	13	14	102
Outside SMSA	15	14	96

[1] Includes meals as pay and food on vacation. [2] Includes those not reporting complete income.

PUBLICATIONS

The following are available from: U.S. Department of Agriculture, Economic Research Service, Room 0054 South Building, Washington, D.C. 20250.

Market Performance in the Food Sector. By Kenneth R. Farrell, USDA, ERS-653, Oct. 18, 1976, 21 pp.

Defining and measuring market performance is difficult. This speech discusses the problems involved and takes a look at trends in U.S. food industry performance. Price spreads and the components of price spreads, along with marketing costs, profits, market structure, and consumer satisfaction all provide some imperfect indicators of market performance.

Food Safety: Homemakers' Attitudes and Practices. By Judith Lea Jones and Jon P. Wiemer, USDA, ERS, AER No. 360, Jan. 1977, 155 pp.

Homemakers; knowledge, attitudes, and practices regarding food safety topics were explored in 1974 nationwide survey. The study focuses on homemaker's food safety practices, knowledge of bacterial food contamination, attitudes toward selected food additives and other areas related to food safety.

Agricultural Food Policy Review. USDA, ERS, A-FPR-1, Jan. 1977, 138 pp.

A major purpose of this first issue of a new periodical is to provide a convenient compilation of objective economic analyses of current policy issues. Analyses of issues anticipated to be important in developing new agricultural and food legislation are presented.

Foreign and Domestic Prospects for the U.S. Fast Food Franchise Industry. By Philip B. Dwoskin, USDA, ERS, AER No. 358, Nov. 1976, 15 pp.

The U.S. fast food industry was more adversely affected by the 1974-75 recession than other eating places. Nevertheless, this study finds that U.S. fast food franchise firms with foreign affiliates expect to generate $1.7 billion in foreign food and equipment sales by 1980.

For the following reports contact: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The Food Stamp Program: Income or Food Supplementation? By G. William Hoagland. Congressional Budget Office, Budget Issue Paper, Congress of the United States, Stock No. 052-070-03870-5, Jan. 1977, 91 pp. ($1.80).

Reviews the development of the food stamp program, how it meets its stated objectives, how it relates to other public assistance programs, and who receives food stamps. Also presents various program alternatives for the future.

Agricultural Statistics, 1976. USDA, SRS, Stock No. 001-000-03596-7, 616 pp. ($5.60).

Provides up-to-date information on agricultural production, prices, supplies, consumption, costs, and income. Brings together statistical series appearing in other USDA publications.

Dietary Goals for the United States. Prepared by the Staff of the Select Committee on Nutrition and

Human Needs, U.S. Senate, Stock No. 052-070-03913-2, Jan. 1971, 85 pp. ($.95).

Dietary goals for the country as a whole and practical guides to the individual consumer are detailed. Stresses reducing fat, cholesterol, sugar, and salt consumption. Changes in food selection and preparation are suggested as are recommendations for government action.

Copies of the following may be ordered from the sources cited.

The Responsiveness of Wholesale and Retail Food Prices to Changes in the Costs of Food Production and Distribution. Staff Report, Council on Wage and Price Stability, 726 Jackson Place, N.W., Washington, D.C. 20566, Nov. 1976, 47 pp.

History of price spreads; market structure of food processing and distribution industries; responsiveness of prices to changes in costs; farm-retail spreads; farmer's share of the food dollar; and speed of adjustment of retail and wholesale food prices are discussed.

Consumer Expenditure Survey Series: Interview Survey, 1972 and 1973. U.S. Dept. of Labor, Report 455-3, Bureau of Labor Statistics, Washington, D.C. 20212, 93 pp.

This report provides annual average expenditures for commodity and service groups classified by nine family characteristics, 1972 and 1973. Families are classified by income before taxes, size, region, race, age, education, housing tenure, composition, and type of area.

Super Market Trends - Summer 1976 Update. Prepared for the Super Market Institute (now the Food Marketing Institute). Limited quantities of the Summary ($3), the full report ($25) and full report plus detailed tabulations ($40) are available from the Publication Sales Dept., Food Marketing Institute, 303 East Ohio, Chicago, Illinois, 60611.

This survey found that, while supermarkets still have much to do to improve their image, much responsibility for change rests with the manufacturer rather than with the final seller to the public. It found continuing efforts to economize among consumers and asked what consumers considered the most important characteristics of supermarkets.

Griffin Consumer Research Panel: Establishment and Characteristics. By Robert Raunikar, Research Rpt. No. 232, Georgia Experiment Station, Experiment, Georgia, 30212, Nov. 1976, 30 pp.

Methods for selecting members of a consumer panel established in Griffin, Ga., are presented and characteristics of the households from which the panel was drawn described. Research Report 239, "Consumer Panel Food Purchases, Griffin, Georgia 1975," provides a summary, by quarters, of the average weekly food purchases reported by households.

Nationwide Response to Agriculture Council of America Consumer Questionnaire. Agriculture Council of America, Suite 708, 1625 Eye St., N.W., Washington, D.C.

Sixteen farm families distributed over 20,000 questionnaires in 16 major cities to obtain information on various food-related issues. Responses from more than 2,500 consumers indicated a concern with prices, quality, and nutritional value of food in supermarkets.

Urban Food Consumption Patterns in Canada. By Zuhair A. Hassan and S.R. Johnson, Publication No. 77/1, Information Division, Agriculture Canada, Ottawa, Canada, K1A 0C5, Jan. 1977, 60 pp.

Demand parameters for 122 food items were estimated including expenditures, income, quality, family size and price elasticities. Based on data from the 1974 Urban Family Food Expenditure Survey.

The Household Demand for Fluid Milk in the United States with Regional Consumption Projections Through 1990. By William T. Boehm. Research Division Bul. 120, Virginia Polytechnic Institute and State University, Blacksburg, Virginia, 24061, Dec. 1976, 84 pp.

Projects levels of U.S. milk consumption by geographic region through 1990.

PERSPECTIVES

ARE HIGHLY PROCESSED PRODUCTS TAKING OVER THE MARKET?

Largely because of the growing number of food products in the supermarket and the continued tide of new grocery products, there is quite a general feeling that "highly processed" food products are taking over the market. There have also been some suggestions that, since 1973, rising food prices have brought about a reversal in the perceived trend toward more highly processed food products. We decided to take another look at the figures, as we did in the May 1973 *National Food Situation.*

The earlier analysis compared 1952 (the first year for which data are available) and 1971. We added 1975 comparisons. Just as in the earlier study, the strongest impression is stability. Products which are unchanged from the raw state except for having been cleaned, slaughtered, dressed, or preserved accounted for two-thirds of the value of all food in each of the years and manufactured products—those that have been subjected to more processing—about a third. The more highly processed products—those that combine a number of ingredients—represented virtually the same share of the value in 1952 and 1971 and then dropped 0.5 percentage points between 1971 and 1975. Thus, it would appear that the much-touted turn away from highly processed products by consumers when prices rose rapidly in 1973 and 1974 did occur, although on a fairly modest scale.

Bigger shifts occurred between products which are preserved by canning, freezing, heating, or drying than those which are merely cleaned, slaughtered, or dressed. Here the changes between 1952 and 1971 toward less preservation continued in the same direction to 1975.

If the products are classified on another basis, those ready-to-eat declined 4 percentage points between 1952 and 1971 and regained most of that loss by 1975. Most of this change was offset by an increase in ready-to-cook foods between 1952 and 1971 and a decline by 1975.

Food consumption by degree of processing, 1952, 1971, and 1975

Item	1952	1971	1975
	Percent[1]		
Products unchanged from raw state except that they are:			
Cleaned, slaughtered or dressed	36.6	38.7	39.8
Preserved	30.4	28.8	27.3
Subtotal	67.0	67.5	67.1
Manufactured products:			
Derived mainly from a single raw product	10.5	10.1	11.0
Combine ingredients	22.5	22.4	21.9
Subtotal	33.0	32.5	32.9
Total	100.0	100.0	100.0
Ready-to-eat	47.2	43.2	46.6
Ready-to-cook	48.0	53.3	50.3
Preparation required	4.8	3.5	3.1

[1] Percent of value of total domestic food consumption at 1971 retail store prices.

Source: Basic data from Supermarketing magazine. Price level adjustments and classification by ERS.

EATING MORE VEGETABLES

Consumption per person of salad and dinner vegetables (omitting potatoes, sweetpotatoes, pickles, catsup, tomato sauce, and tomato paste) changed only modestly between 1939-41 and 1963-65. In the latter period, it was only 1 percent below the pre-war years. However, by 1973-75, consumption per person had risen to 106 percent of

Per capita consumption of salad and dinner vegetables, edible weight basis, by form, 1939-75[1]

Period	Fresh	Canned	Frozen	Dehydrated	All forms
	lbs. edible weight				
1939-41	89.8	25.0	0.7	---	115.5
1953-55	83.6	26.9	7.6	---	118.1
1963-65	79.4	26.5	9.0	---	114.9
1973-75	78.7	29.5	12.3	2.5	123.0
	Percent of total				
1939-41	78	21	1	---	100
1953-55	71	23	6	---	100
1963-65	69	23	8	---	100
1973-75	64	24	10	2	100
	Percent of 1939-41				
1953-55	93	108	1,086	---	102
1963-65	88	106	1,286	---	99
1973-75	88	118	1,757	---	106

[1] Omits potatoes, sweetpotatoes, pickles, catsup, tomato sauce and paste.

Per capita consumption of salad and dinner vegetables, edible weight basis, 1939-75

Period	Vegetables sold—					
	Fresh only	Fresh and canned	Fresh and frozen	Fresh canned, and frozen	All other	Total
	lbs. edible weight					
1939-41	21.9	37.4	2.1	41.6	12.5	115.5
1954-55	27.4	30.8	2.3	44.4	13.2	118.1
1963-65	28.9	27.5	1.8	45.5	11.3	114.9
1973-75	32.4	27.7	2.2	48.4	12.3	123.0
	Percent of 1939-41					
1953-55	125	82	110	107	106	102
1963-65	132	73	86	109	90	99
1973-75	148	74	105	116	98	106

1939-41. This analysis puts all vegetables on an edible weight basis so the numbers are not affected by varying proportions of edible matter in different vegetables.

Frozen vegetables increased from 1 to 10 percent of the total; canned and dried more modestly from 21 to 25 percent of the total. The decline, of course, was in fresh use—from 78 to 64 percent of all vegetables.

At the same time that fresh use in total was declining, consumption of vegetables which are sold in fresh form only—such as lettuce—increased nearly one-half. Those which are sold both fresh and canned but not frozen declined by one-fourth, while consumption of those which are sold in frozen as well as other forms was increasing.

These shifts reflect a sharp increase in the consumption of vegetables in salads and a significant shift in dinner vegetables to the frozen form for those products where freezing is feasible.

MORE SOFT DRINKS—FLAVOR SAME

Consumption of soft drinks per person has increased 133 percent in the past 20 years but the flavors are much the same. Cola is still 61 percent of the total, although part of this is dietetic cola now. There has been a modest increase in the share of fruit-flavored soft drinks from 17 to 20 percent. The other standard flavors—root beer, sarsaparilla, cream soda, ginger ale, club soda, and quinine—have lost ground.

WHY THE DECLINE IN DAIRY CONSUMPTION?

Since 1955, the per capita consumption of dairy products dropped 15 percent. But only a third of

Per capita consumption of dairy products, selected years, 1955-75

Product	1960	1965	1970	1975
	Percent of 1955			
Sales:				
Beverage milk	96.4	95.4	91.4	87.7
Cream & specialties	98.2	82.6	70.7	87.9
Butter	90.6	77.3	58.7	58.7
Cheese	114.5	124.0	149.7	181.2
Frozen desserts	107.7	113.3	112.2	114.7
Evaporated, condensed, & dried products	97.7	84.5	70.9	53.1
Total sales	99.4	97.1	93.8	95.3
Consumed on farms where produced[1]	52.8	28.6	16.4	11.2
USDA donations[1]	58.1	100.0	108.9	57.3
Grand total	93.5	98.4	85.3	85.1

[1] Total value divided by population—i.e., this is contribution to average consumption of all persons.

this decline was a drop in sales to consumers, restaurants, and institutions. The rest was due to the near-disappearance of the farm with one or two milk cows and smaller USDA donations. There are fewer farmers now and not many keep a cow or two to produce milk for use of their own families. So the contribution of milk consumed on farms where produced to total dairy product consumption is only 11 percent of what it was 20 years ago.

USDA donations of butter, cheese, and nonfat dry milk to families, schools, and institutions vary, depending on the available supplies acquired by the Commodity Credit Corporation under the price support program. Donations to families have been discontinued, replaced by the Food Stamp Program. The combination of smaller Government-held supplies and the elimination of one outlet means that the contribution of donated dairy products to per capita consumption is more than 40 percent less than it was 20 years ago.

Sales of beverage milk have declined slowly but fairly steadily over the years, partly as a result of the substitution of other beverages—particularly soft drinks—and the decline in the proportion of the children in the population. Children consume much more milk than do adults (see Corinne Le Bovit, NFS-156, May 1976).

Consumption of cream and specialty products declined from 1955 to 1970, but then increased sharply due to the growing popularity of sour cream and yogurt. The long-time decline in butter consumption leveled out in the 1970's and that of frozen desserts has been fairly stable since the mid-60's. Cheese consumption has grown dramatically throughout the period and is now 81 percent higher than it was 20 years ago. Consumption of canned and dry milk is still declining.

ON THE INEQUALITY OF INCOMES

In a world where most economic variables change with sometimes alarming speed and frequency, one of the small group of constants which one could count on was the distribution of incomes among families. Every year since 1947, the Census Bureau has surveyed U.S. families and calculated the shares of each fifth of the families when arrayed from the lowest to the highest income. In 1947, the families in the lowest fifth received 5.1 percent of family income and in 1975, 5.4 percent. The shares of other fifths of the population were similarly stable.

But, like many things that everyone knows, looking at the figures is quite misleading if one does not go behind them. The implication of the numbers as usually viewed is that, while average incomes are increasing, the rich are still rich and the poor are still poor and never the twain shall meet. Morton Paglin of Portland State University in the *American Economic Review*, September 1975, has looked behind these figures and shows us that inequality is in fact decreasing markedly.

Paglin points out that the composition of the population, especially the age structure, has changed dramatically in the last 30 years. The lowest fifth of income recipients includes a concentration of retired people and of young people just getting started. The proportions of both these groups in the lowest fifth is much higher now than it was in 1947. Since the typical experience of U.S. families is that they have lower incomes in the early years and in retirement than they do in their peak earning years, a more meaningful definition of equality of income is to take lifetime income.

Paglin has adjusted the figures for the changing age structure of the families in the lowest fifth and finds that from 1947 to 1972 (the latest year for which he did the calculations) the income share of the lowest fifth increased from 27 to 42 percent of equality in lifetime income. (With equality, each family would receive the same income.) Over the same time period, the share of the highest fifth has declined from 2.07 times to 1.66 times the equality share based on lifetime income.

All of these comparisons are based on money income. Food stamps, public housing, rent supplements, Medicaid, and many other in-kind transfers are not included. Paglin makes a rough calculation that, if in-kind transfers were included, the lowest fifth of the population would be receiving about 54 percent of the equality share of income, rather than the 42 percent derived from money income alone in 1972.

An analysis by the Congressional Budget Office concludes that, if income is looked at after taxes and after total transfers, the incidence of poverty has fallen by approximately 60 percent since 1965. (See POVERTY STATUS OF FAMILIES UNDER ALTERNATIVE DEFINITIONS OF INCOME, Congressional Budget Office, Background Paper No. 17, Jan. 1977, Washington, D.C. 20510). (*Alden C. Manchester*)

DEVELOPMENTS IN CONSUMER LEGISLATION

Bills already introduced in this session of Congress cover labeling, food safety, price monitoring, technological research, nutrition research, and methods to assist consumers in making better-informed decisions in the marketplace. This department will keep you up to date as others are introduced, and Congress considers them.

Food Labeling

Labeling of packaged foods has become a major concern to consumers, consumer groups, legislators and regulatory agencies. These concerns are reflected in the wide variety of bills introduced to aid consumers in their food purchasing decisions. They cover a variety of requirements such as labels on foods and food products disclosing all ingredients and any change in ingredients. Bills introduced on nutrition information vary from requiring a statement of nutritional value of the food product to requiring processed foods to be labeled with an analysis of the nutritional content. Information on the nutritional value of the food would be required in a standard format providing amounts of calories, protein, carbohydrate, fat, vitamin A, vitamin C, thiamine, riboflavin, niacin, calcium and iron. The label could include an optional listing for cholesterol, fatty acids and sodium.

In the case of canned or frozen products whose packing medium constitutes a substantial proportion of its total weight, the net weight and drained weight of the product would be required on the label.

For perishable or semi-perishable foods, an indication of temperature and humidity conditions for storage by the ultimate consumer would be obligatory on the package label. Others would require a pull date after which the food could not be sold, offered for sale, or displayed for sale. This date would have to be expressed in combinations of letters and numbers so that the consumer could readily identify the day, month, and year.

In reference to price, one bill would require the disclosure of the total price marked on the food package or a label or sign at the point of sale. Others would not give the retailer a choice, but would require the price to be marked on each item. Some would require the total price to be marked on the package—the unit price could be either on the package or on a sign at the point of display. Requirements for disclosure of the name of the manufacturer, packer or distributor have been included in some of the bills. In addition, some would require imported food products to be so labeled. Brand names which might mislead the purchaser with respect to the product's value, quantity or quality of contents or the performance of the food product would be banned.

Consumers with a health problem which requires limiting sugar intake have been considered in some bills that would require disclosure of sugar content.

Standards and Specifications

Bills involving regulation of vitamins and minerals and requiring definition of food supplements have been submitted. Some would provide for uniform standards and specifications for colored margarine. Also introduced are bills that would require developing and establishing a system of retail quality grades for consumer food products expressed in a uniform nomenclature.

Food Safety

Regulations that would involve inspection of imported dairy products and require certain minimum standards of sanitation have been stipulated. Also contained in some bills are requirements that dairy farms and plants where milk is produced must meet minimum standards of sanitation. Programs to insure the wholesomeness of fish and fish products have been proposed as well as mandatory inspection of domesticated rabbits slaughtered for human consumption. A ban on the usage of diethystilbestrol (DES) as a growth stimulant in animals for human consumption has been introduced.

Price Monitoring To Aid Farmers and Consumers

Another proposal would establish a Bureau of Agricultural Statistics to monitor changes in the prices of agricultural commodities from the time they are sold by the farmer until the product is bought by the consumer. It would also recommend to Congress measures to correct the situation where the retail price goes up while the price received by the farmer decreases.

Research and Technology

A few bills have recommended research on factors affecting food preferences and habits. Others speak of a need for agricultural research and technology for the express purpose of increasing food

production. Research to improve human nutrition, animal health, and aquaculture has been called for. Some bills are suggesting an establishment of grants for research endeavors to assist in the development and utilization of new and improved methods of food and fertilizer production. One bill stipulates that techniques and equipment should be developed to assist consumers in the home or in institutions to select food that supplies a nutritionally adequate diet. Bills have been introduced to authorize research, development, and demonstration projects relating to new techniques of protein production and processing vegetable protein and an education program to encourage market acceptance of products produced by such methods. (*Evelyn* Kaitz)

USDA ACTIONS

Beef Import Program in Place for 1977

Supplying countries have now formalized agreements with the United States to keep U.S. imports of meat subject to the Meat Import Law below the 1977 trigger level of 1,281.9 million pounds. This level of imports will be equivalent to about 7 percent of U.S. domestic production this year.

Canada, which did not participate formally in earlier programs, is taking part this year under a separate arrangement covering the two-way trade in beef between that country and the United States.

Imports of beef processed in foreign trade zones, territories, or possessions during 1977 will be counted against individual country limitations.

USDA Revokes Interim Standards for "Combination" Meat Products

USDA revoked its interim standards for "combination" meat products, effective November 16, 1976. Combination meat products consist of cured meat cuts with soy or other non-meat protein products added.

The interim standards were issued so that data could be gathered on the marketing, content, and labeling of combination meat products and to facilitate development of such products. However, no combination meat products have been developed under the interim regulation.

Officials of USDA's Animal and Plant Health Inspection Service said if any combination meat products are prepared in the future, they could be considered for approval under existing regulations of the Federal Meat Inspection Act. The act would require a description of the products and indicate the minimum percentage of meat content.

USDA Revises U.S. Grade Standards for Butter

Revisions in the U.S. Grade Standards for Butter will eliminate the lowest butter grade—U.S. Grade C—leaving three butter grades, AA, A, and B.

Improvements in recent years in the quality of butter manufactured prompted USDA's Agricultural Marketing Service (AMS) to revise the butter standards. Another change eliminates the use of alternate grade terms, such as "U.S. 93 Score," in line with the AMS move toward uniform grade terminology.

Additional changes in the grade standards modify requirements for U.S. Grade AA, A, and B butter to more accurately reflect flavors found in butter produced today. Flavor is one of the important quality factors in the U.S. Grade Standards for Butter. Changes also clarify and redefine flavor characteristics found in butter.

The AMS Dairy Division develops official grade standards for butter and other dairy products. These standards provide measures of quality and are based on attributes important to consumers. The U.S. butter grades are determined by flavor, body, color, and salt characteristics. Under the revised standards, butter failing to meet the requirements of U.S. Grade B will not be given a U.S. Grade. Dairy inspection and grading services are available on a voluntary basis, and are paid for by the user.

Copies of the revised standards are available on request from the Dairy Division, AMS, USDA, Washington, D. C. 20250.

FOOD PROGRAMS

USDA Provides for Greater Flexibility in School Breakfast Program

USDA amended the School Breakfast Program regulations to provide greater flexibility in the meal pattern by allowing the use of a vegetable in the meal. Previously, School Breakfast Program regulations called for the use of fruit or full-strength fruit or vegetable juice as part of the breakfast pattern. Under the amended regulations, the breakfast pattern includes a serving of bread or cereal, milk, and fruit or vegetables, or full-strength fruit or vegetable juice.

Officials of USDA's Food and Nutrition Service say the nutritional standards for the breakfast pattern will be enhanced or maintained by permitting the use of vegetables. At the same time, the use of vegetables will give States and schools greater flexibility in program operations.

Food Stamp Error Rate Declines

The food stamp error rate declined between the 6-month periods ending December 1975 and June 1976, USDA announced in its semiannual quality control report for the Food Stamp Program.

The quality control review is an administrative tool for checking eligibility and correct issuance of food stamps. The reviews were conducted solely for the error rate of non-public assistance households

(a household in which at least one member is not receiving public assistance).

The report shows a total of 92.8 percent of bonus dollars were issued to non-public assistance households who satisfied financial and other basic program criteria for eligibility. The percentage of bonus dollars issued to non-public assistance households not satisfying these criteria declined from 8.1 percent in the previous 6-month period to 7.2 percent.

Over the same period, the percentage of bonus dollars overissued to eligible non-public assistance households declined from 7.8 percent to 6.9 percent.

Of the total food stamp caseload, about 53.3 percent of food stamp participants were not receiving public assistance during these 6 months. The review of public assistance households was added to the review of non-public assistance households in July 1976. The next 6-month quality control report will reflect findings for the entire caseload.

The current review sampled approximately 40,000 active cases in the 50 States, District of Columbia, Puerto Rico, and Virgin Islands. Approximately 27,000 additional cases were reviewed in which the applicant either was denied food stamps or was cut from the program. Of these sample "negative actions," the percentage of incorrectly denied or cut non-public assistance cases declined from 6.0 percent to 5.5 percent.

Copies of the report, entitled "Participation in the Food Stamp Program as Shown by Quality Control Reviews of Non-Assistance Households, January-June 1976," can be obtained from the Food Stamp Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C. 20250.

USDA Revises Regulations for Summer Food Program

USDA has announced a major overhaul in the regulations governing the Summer Food Program. The regulation changes are designed to tighten program administration and prevent the recurrence of problems encountered in the program last summer in several urban areas.

The new regulations provide stricter control over certification, operation, and monitoring of the summer program at all levels. The changes reflect the 126 comments the USDA received in response to its proposed Summer Food Program regulations.

Important changes are:

—States must carefully review all organizations applying to sponsor the program and deny the program to sponsors with serious deficiencies in last summer's operation.

—Sponsoring organizations will be disqualified if they do not offer a year-round service to the local community. The only exceptions are residential camps, programs for children of migrant workers, and instances where no program would otherwise be available.

—States must develop and issue standard contracts for the use of sponsors contracting for the food service, and states must also monitor bidding operations to assure that collusive bidding practices are prevented.

—State agency personnel must visit all non-school sites in urban areas with a public school enrollment of more than 75,000 prior to approval, to assess the capacity and adequacy of the proposed site for food service.

—Program sponsors can operate no more than 200 sites, and can serve no more than an average of 50,000 children per day. Exceptions may be made after careful review is made by the State agency of the sponsor's past performance.

—Program sponsors must provide the State agency with a copy of a letter notifying the local health department when and where they intend to operate a summer food service program.

—States must work with sponsors to develop specifications for standards of quality for food served.

—Advance payments to sponsors will be the greater of either 65 percent of last year's reimbursement or 100 percent of anticipated costs as determined by the State agency. Advance payments are payable on June 1, July 15, and Aug. 15, upon receipt by the State agency of the sponsor's request for payment.

—States must develop a review procedure for sponsors denied participation, advance payments, or reimbursement payments, and must inform sponsors of the procedure.

—Sponsors who receive more than $50,000 in program reimbursements must be audited, and only by a Certified Public Accountant.

Food Stamp Regulations Recinded

On February 2, the Secretary of Agriculture rescinded the food stamp regulations were issued May 7, 1976, which would have reduced food stamp benefits to large segments of participants.

The May 7 regulations were published in final form at that time, but have remained in abeyance under a preliminary injunction issued last June 18 by the U.S. District Court for the District of Columbia. This action removed those regulations from a technically pending status.

"I am rescinding these regulations," Secretary Bergland said, "so that we can review and develop our policy on food stamps free of any encumbrances that the May 7 proposal might have imposed." Secretary Bergland noted that certain questions were raised about the adequacy of the

rulemaking process through which the regulations were considered last year.

Until further action is taken, the food stamp program will continue to be governed by the regulations in effect prior to last May 7.

USDA Proposes Regulations Implementing Food Stamp Accountability Legislation

Federal and State controls over food stamp issuance agents will be strengthened under proposed regulations announced by the USDA in January.

The proposed rules implement the Emergency Food Stamp Vendor Accountability Act of 1976 (P.L. 94-339), which called for regulations to be issued specifying the responsibilities of issuance agents and State agencies for depositing food stamp funds, delivering and monitoring food stamp inventories, and reporting on overall issuance operations.

The proposed regulations provide that:

— Cash receipts from food stamp sales are Federal funds, and issuance agents will act as trustees of the Federal Government in handling these funds;

— Food stamp funds in excess of $1,000 must be deposited in the Federal Reserve Bank within one banking day. Lesser amounts must be deposited at least weekly;

— Issuance agents, upon making a deposit, must immediately send written confirmation to the State agency;

— State agencies must establish an accounting system to monitor compliance with the depositing requirement. Late deposits may be subject to an interest charge of 6 percent per annum;

— Issuance agents are responsible for the custody, care, control, and storage of food stamp inventories;

— Issuance agents must report monthly to Food and Nutrition Service (FNS), through the State agency, on their inventory levels and on overall food stamp operations;

— State agencies must verify and consolidate these monthly reports and send them to USDA's FNS.

The Vendor Accountability Act provides stiff criminal penalties for violations.

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NATIONAL FOOD Situation

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ECONOMIC RESEARCH SERVICE

U.S. DEPARTMENT OF AGRICULTURE

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The *National Food Situation* is published in March, June, September, and December.

National Economic Analysis Division
Economic Research Service

U.S. Department of Agriculture
Washington, D.C. 20250

NATIONAL FOOD SITUATION

IN THIS ISSUE

Page

Food Situation and Outlook 5
Food Prices and Consumption—Recent developments in food prices, consumption and supplies, and the outlook for 1977. Coffee and other nonfarm foods are pushing the food price index, but with good weather, some slackening of the pace is likely. *Food Spending and Income and Domestic Food Programs*—Food expenditures are rising with higher prices and increased quantities but aggregate income is rising faster. Participation in the Food Stamp Program is down as employment rises.

Marketing 12
Brief reports of what is going on in food markets—coffee—commissary stores—and others.

Consumer Research 17
Preliminary results of the winter 1977 nationwide survey of 1,400 households deal with shopping behavior, volume purchasing of beef, home food production, and uniform nomenclature for beef cuts.

Page

Perspectives 25
Brief reports to put in perspective developments in consumption of food and other matters—what Americans drink—the place of fish in the diet—do the poor pay more?

Consumer Legislation 30
The status of legislation in the current Congress of interest to consumers.

USDA Actions 36
Rulemaking and other actions by USDA agencies of interest to consumers.

Tables 40

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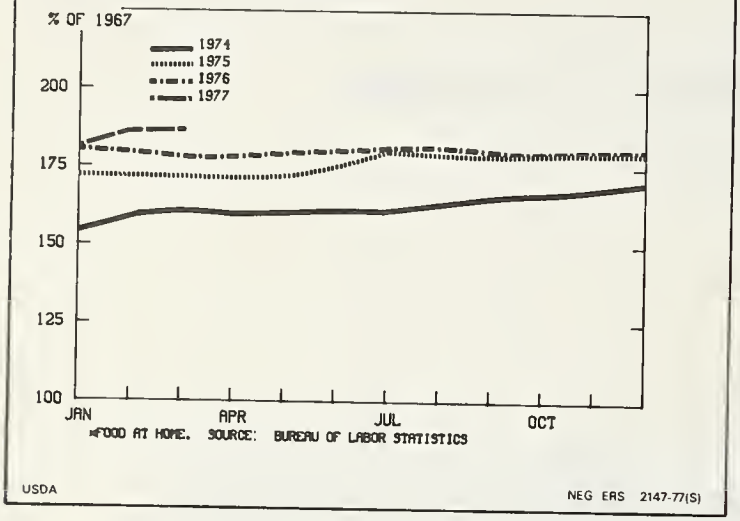
RETAIL FOOD PRICES*

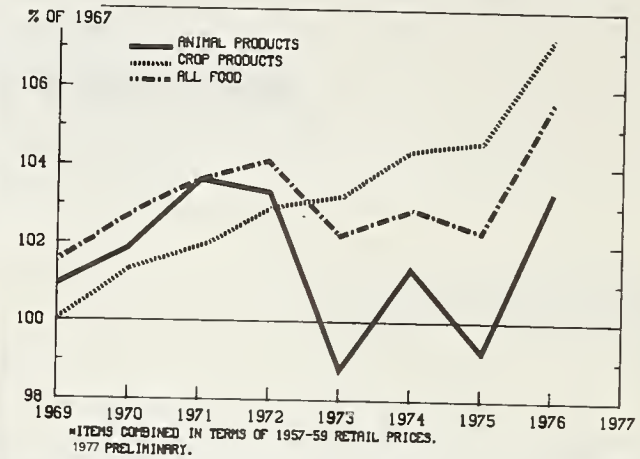


*FOOD AT HOME. SOURCE: BUREAU OF LABOR STATISTICS

USDA

NEG ERS 2147-77(S)

PER CAPITA FOOD CONSUMPTION*

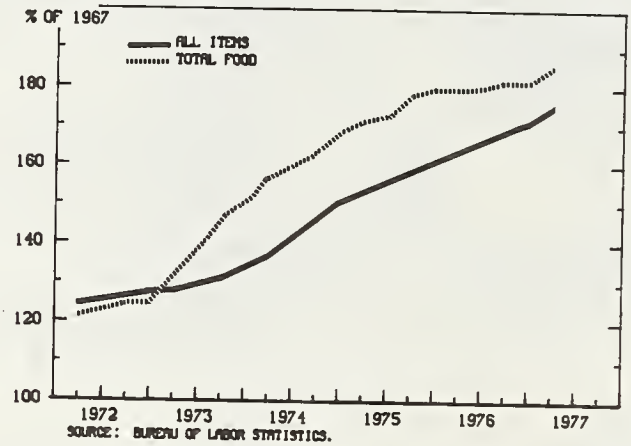


*ITEMS COMBINED IN TERMS OF 1957-59 RETAIL PRICES.
1977 PRELIMINARY.

USDA

NEG ERS 215D-77(S)

CONSUMER PRICE INDEX ALL ITEMS AND TOTAL FOOD

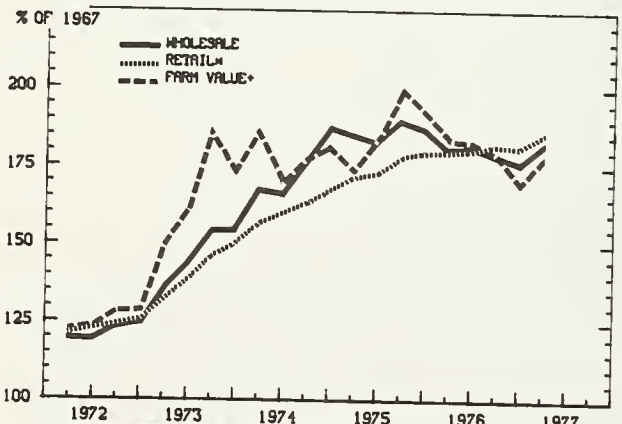


SOURCE: BUREAU OF LABOR STATISTICS.

USDA

NEG ERS 21S3-77(S)

FOOD PRICES

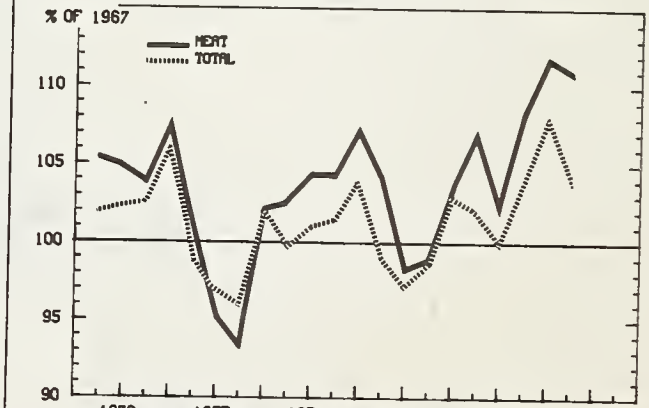


*SOURCE: BUREAU OF LABOR STATISTICS.
+PRICES RECEIVED FOR FOOD ORIGINATING ON U.S. FARMS.

USDA

NEG ERS 2155-77(5)

PER CAPITA CONSUMPTION OF LIVESTOCK PRODUCTS*



*ITEM COMBINED IN TERMS OF 1957-59 RETAIL PRICES.
1976 PRELIMINARY.

USDA

NEG ERS 2156-77(5)

FOOD SITUATION AND OUTLOOK

Approved by the Outlook and Situation Board
May 27, 1977

FOOD PRICES AND CONSUMPTION

Sharply higher prices for coffee and adverse domestic weather conditions caused first quarter retail food prices to rise at the fastest quarter-to-quarter pace in 1½ years. Food prices recorded another sharp rise in April. Although food prices are expected to move higher in coming months, the rate of increase is likely to slacken this summer and slow even further by fall if weather is favorable and large crops are harvested this year.

With continued upward price pressure from imported foods, it now seems likely that grocery store food prices for all of 1977 may average near the upper end of our 4 to 6 percent forecast range, if weather is generally favorable during the remainder of the year. The average increase for all food would likely be a little higher since away-from-home food prices are expected to rise 6 or 7 percent for the year. About half of the expected increase in grocery store prices may be caused by foods not produced on U.S. farms. Sharply higher coffee prices will account for most of this rise, but higher prices for fishery products, cocoa, and other imported foods will also contribute. The retail cost of a market basket of U.S.-produced farm foods likely will average around 3 percent above a year earlier in 1977, and most of that rise would be due to higher marketing costs. The farm value is expected to average close to year earlier levels. For the year, the cost of marketing food, as measured by the farm-retail spread, may average about 5 percent above a year earlier, reflecting higher operating costs for food marketing firms.

Second quarter food prices are likely to average nearly 3 percent above the first quarter. However, if weather is generally favorable, the rate of increase could ease during the summer quarter. Some of the expected increases would be due to further hikes for coffee prices. However, smaller supplies and higher prices for beef would also contribute to higher summer food prices with more cattle placed in feedlots or held on pastures for later marketing. Although pork and broiler output will be above a year earlier, their prices are also likely to strengthen as a result of reduced competition from beef, seasonally smaller supplies of pork, and seasonal increases in consumer demand for chicken during the summer. Moderate price increases are likely for some items in the vegetable oils, sugar and sweets, processed fruits and vegetables, and dairy departments, reflecting recent raw-product price increases and higher costs for processing and distributing.

Food price rises could slow further in the fall if large crops are harvested. Beef prices likely would strengthen with continued heavy feedlot placements and reduced nonfed cattle slaughter. But slightly lower pork prices along with seasonal price declines for poultry would limit average price increases for animal products. Seasonally large supplies would result in price drops for a number of important fresh produce items. But prices for most crop foods would continue to rise moderately reflecting higher costs of producing, processing, and distributing these foods.

Under adverse weather conditions, food price rises could quicken by yearend. The increase through summer would be only slightly higher than under favorable weather conditions with liquidation of livestock holding meat prices down. However, further increases would occur late in the year if reduced output and higher prices for livestock products were to join with higher crop prices. Under these conditions food prices for all of 1977 could average 6 or 7 percent above a year earlier, followed by further sharp increases in 1978. Higher prices for coffee and other non-U.S. farm foods would still account for nearly half of the expected increase in 1977, with prices for domestic farm foods contributing the remainder.

Marketing Spreads To Widen

The spread between what consumers pay and what farmers receive for a market basket of foods from U.S. farms may continue to increase in coming months. However, spreads are being squeezed some this spring as retail meat prices lag increases in beef cattle and hog prices. Spreads for most

other farm foods likely will continue to increase as the year progresses. In addition, cost pressures from higher operating costs of food marketing firms appear to be building up since last year. Many of these costs have increased considerably more than farm-retail spreads. Therefore, the increase in marketing spreads during the rest of the year is likely to be at a somewhat higher rate than in the first quarter. For the year, considering changes in farm prices as well as cost pressures, farm-retail spreads may average around 5 percent above 1976.

Food Outlook Highlights

Meat: Retail meat prices to increase during the second half of 1977 due to slightly smaller supplies, improving consumer demand, and higher marketing costs...Beef consumption for the remainder of 1977 still large but below a year ago...Pork consumption above last year's level through the summer... The expected seasonal decline in pork production may strengthen retail pork prices in third quarter...Fourth quarter pork output could show a slight year-to-year reduction...Coupled with reduced supplies of beef, this may result in further retail meat price rises this fall.

Poor weather could lead to greater animal liquidation if pastures deteriorate and adverse growing conditions lower feed grain supplies...More meat this summer would forestall price rise...But after liquidation, meat supplies would fall off, strengthening prices later this year and perhaps sharply in 1978.

Fish: Demand expected to remain strong, particularly in the away-from-home market...Restrictions on fishing grounds as a result of extended jurisdiction legislation may cause supplies to tighten... Spring cold storage holdings of many fishery products were below those of a year earlier...Prices, already at record-high levels, have increased in recent weeks...Additional price increases will occur during the year unless new supplies significantly increase.

Eggs: Retail egg prices are showing their usual spring weakness...Prices are expected to increase seasonally this summer but stay well below a year earlier...Egg output this winter 2 percent below 1976...Output is expected to inch upward and exceed year-earlier levels during the summer—perhaps by 1 to 2 percent.

Poultry: Retail poultry prices below a year earlier in early 1977...Wholesale prices recovered in April...Retail prices likely will increase in the summer...Although broiler supplies are up, reduced supplies and higher prices for red meats to hold broiler prices above a year ago this summer and fall.

Dairy: Wholesale dairy product prices have already risen and retail prices of milk and dairy products will reflect most of the support price increase by early summer...Retail prices of dairy products likely to rise only moderately and, for the year, probably will average 4 to 5 percent above 1976...Milk output to rise 2 to 3 percent above the 1976 level...Stocks of manufactured products to be higher...Per capita consumption to increase at slower rate than production with entire rise due to government donations.

Fats and oils: Per capita consumption of food fats and oils likely will average around 55 pounds, down about 1 pound from the record 56 pounds of 1976...Cooking and salad oils probably will register a significant decline, along with smaller decreases for shortening and margarine...With increases expected in butter and lard production, the use of animal fats likely will continue near last year's level or possibly increase slightly...Although food fat supplies are adequate, good demand both domestically and abroad is exerting upward pressure on prices...Retail prices to climb for the rest of the year.

Fresh vegetables: Retail fresh vegetable prices in April averaged over a fourth more than a year ago...But grower prices fell sharply in April with the harvest of some replanted fields plus the usual spring supplies from Florida...Retail fresh vegetable prices likely to fall late this spring and through the summer, but still remain above a year earlier.

Fresh fruits: Because of the freeze damage to Florida citrus and smaller available supplies of fresh apples, retail prices of fresh fruit have advanced since January 1977 and averaged substantially higher during the first quarter of 1977 than in the same period a year earlier...As remaining supplies of fresh apples and citrus decline seasonally, consumer prices for these items are expected to continue to advance during the summer...Prices of major fruits will decline during the fourth quarter as supplies again increase seasonally...The retail price index for fresh fruit during 1977 is expected to average substantially above the 1976 level.

Processed fruits and vegetables: Canned and frozen vegetable prices at wholesale moved up moderately as expected...Supplies, while still adequate, have tightened some as trade movement since the January freeze has been heavy...Current stocks of canned noncitrus fruit are smaller than a year-earlier, reflecting smaller pack and slightly larger movement...Smaller packs of citrus, also...Processed fruit prices to keep rising for the rest of the year.

Sugar: Retail sugar prices likely to increase slowly throughout 1977...Per capita sugar consumption could increase slightly from nearly 95 pounds last year.

Cereal and bakery: Large carryover of wheat and rice supplies somewhat offsetting higher marketing costs...Retail prices during second half likely to rise modestly.

First Quarter Livestock Consumption Higher Than a Year Ago

First quarter 1977 per capita livestock food consumption was lower than the fourth quarter 1976, but declined less than it usually does in winter. Red meat consumption, which generally drops about 1½ percent, fell only about 1 percent. Poultry consumption which normally drops almost a third during the winter quarter fell about a fifth. Somewhat offsetting, however, were larger-than-usual declines for both eggs and dairy.

Compared with the first quarter a year ago, per capita consumption of livestock-related foods averaged 1½ percent higher during the winter quarter. Much of the year-to-year increase was due to higher consumption of red meats, with more pork offsetting a little less beef. Per capita poultry consumption was about the same as last year, while consumption of both eggs and dairy products were lower.

Record High Food Consumption Last Year— May Be Repeated in 1977

According to the latest estimates, per capita food consumption reached a record high in 1976, exceeding the previous high in 1972 by 1½-percent. The nearly 3½ percent advance from 1975 reflected a 2½-percent increase for crop-related food products, and a 4-percent rebound for livestock-related foods from the sharply curtailed consumption of 1975. Meat and poultry consumption registered large gains. Record large beef production at lower prices boosted per capita consumption around 7 percent. Pork use per person was up over 6 percent, rebounding from 1975's sharp drop. Poultry consumption was up 7 percent. Per capita use of eggs and dairy products held fairly stable, although cheese was up 10 percent over 1975. Among crop products, vegetable oils, noncitrus fruits, sugar, cereal products, and vegetables registered good gains. Sugar use per person rose 6 percent in 1975 after high prices cut consumption in 1974 and 1975.

In contrast to 1976, when food supplies remained above year-earlier levels throughout the year, total supplies of farm food commodities in 1977 are expected to be off slightly from last year's record high. While total output of livestock food commodities may be up about 1 percent, crop food production appears likely to be down from a year ago due largely to adverse weather conditions early this year.

Larger beginning stocks may allow per capita food consumption for all of 1977 to be about the same as in 1976. A 1-percent increase for livestock-related food consumption per capita may be offset by a similar decline for crop-related foods. Meat and poultry likely will be up, while declines appear likely for fruits and vegetables which will more than offset increases for cereal products and sugar in the crop-related food products category.

Sharp Increase in Food Prices During Winter Quarter

First quarter retail food prices averaged nearly 3 percent above the previous quarter due to sharp increases in January and February.

In contrast to the general trend during the past few years, prices for food at home rose at a faster pace than food away from home. The 3-percent increase for food at home was largely due to sharply higher vegetable prices—partly reflecting the freeze damage in Florida last winter—and to further sharp increases in coffee prices. Retail prices for poultry and eggs as well as fresh fruits also registered larger-than-average advances for the first quarter.

Livestock products: Per capita consumption indexes, quarterly[1]

(1967=100)

	1974				1975				1976				1977[2]
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I
Meat	102.5	104.4	104.2	107.3	104.2	98.2	100.0	103.6	107.1	102.1	108.2	111.9	110.8
Poultry	99.0	108.0	108.6	120.1	91.2	101.8	107.8	125.2	101.5	108.7	115.5	131.6	102.4
Eggs	90.5	89.5	87.6	88.6	86.6	84.7	85.6	87.6	85.6	84.7	84.7	85.6	82.7
Dairy products													
Excluding butter	99.1	98.7	100.3	99.5	98.6	100.1	102.0	100.9	101.3	100.9	102.5	101.1	100.4
Including butter	97.7	97.4	99.4	98.5	98.2	99.1	100.5	99.9	99.9	99.6	101.1	100.3	99.0
Animal fats including butter	73.7	74.0	78.5	77.2	80.1	70.1	68.8	75.2	72.4	64.4	63.1	73.3	76.9
Total livestock products[3]	99.3	101.0	101.4	103.9	99.0	97.2	98.9	102.9	102.1	100.0	104.0	107.5	103.7

[1] Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. [2] Preliminary. [3] Excludes fish and honey.

Changes in retail food prices

Item	First quarter 1977 change from	
	Previous quarter	Previous year
	Percent	
Meat	0.5	-6.8
Poultry	4.1	-5.5
Fish	1.9	10.1
Dairy	-.4	1.8
Eggs	6.0	10.9
Fats and Oil	2.2	.8
Fruits and vegetables	8.2	9.4
Sugar and sweets	2.8	-2.4
Cereals and bakery products	.3	-.4
Beverages	14.3	42.1
Food at home	3.1	3.0
Food away from home	1.9	6.5
All food	2.8	3.8

The spread for the farm food market basket increased 0.5 percent from the fourth quarter last year to the first quarter this year. Marketing spreads, which represent the charge for assembling, processing, transporting, and distributing farm foods, increased each month of the quarter; but a sharp increase in returns to farmers was the primary reason for the first quarter rise in retail prices of market basket foods.

The first quarter increase in marketing spreads for the market basket resulted from sharp increases for beef, eggs, and fresh fruits and vegetables. Following the Florida freeze, spreads for fresh fruits and vegetables increased about 8 percent from the previous quarter as returns to farmers jumped 20 percent. In contrast, spreads for pork and oilseed products were significantly lower while spreads for most other market basket foods changed relatively little.

Since grocery store food prices were relatively stable last year, the first quarter average was also about 3 percent above the first quarter of 1976. With away-from-home food prices up over 6 percent, the all-food average was nearly 4 percent above a year earlier, still lower than the 6½-percent increase for nonfood items.

The farm-retail spread for the market basket of farm foods averaged 2.6 percent wider than a year earlier in the first quarter of 1977. The increase in spreads about offset the 3½ percent drop in returns to farmers for these foods, leaving the retail cost of the market basket up only 0.2 percent. Marketing

Per capita food consumption indexes[1]

(1967=100)

Item	1968	1969	1970	1971	1972	1973	1974	1975	1976[2]
Meat, poultry & fish	102.0	102.4	105.0	107.3	107.2	100.8	106.2	102.9	109.4
Meat	102.6	102.1	104.1	107.1	105.3	97.8	104.7	101.0	107.2
Poultry	98.7	103.3	107.1	107.9	112.8	108.8	110.6	108.2	116.1
Fish	103.5	105.0	110.7	107.9	117.5	121.3	114.7	113.9	120.1
Eggs	98.5	96.6	97.0	98.0	96.1	91.6	89.9	87.0	86.0
Dairy products[3]	101.2	100.3	99.0	99.2	99.6	99.4	98.3	99.1	99.7
Fats and oils	103.4	105.0	106.6	105.2	109.3	109.8	106.9	107.8	112.2
Animal	102.8	95.2	90.5	90.7	84.1	78.7	76.7	73.6	68.5
Vegetable	103.7	110.3	115.3	113.2	123.1	126.8	123.4	126.5	136.0
Fruits[4]	96.8	100.7	102.6	103.2	101.2	102.7	103.0	111.3	112.8
Fresh	97.4	98.3	101.3	99.4	95.7	94.4	99.7	108.9	109.2
Processed	96.3	102.7	103.8	106.5	105.9	110.0	105.9	113.4	115.9
Vegetables[5]	101.5	100.9	101.4	101.7	102.6	105.3	104.0	104.6	106.7
Fresh	100.4	99.1	99.6	100.0	99.8	101.2	101.0	102.2	102.8
Processed	103.6	104.3	104.7	105.0	107.8	112.8	109.5	108.9	114.0
Potatoes & sweetpotatoes	105.2	106.5	113.3	114.2	114.0	113.4	114.6	118.1	114.8
Fresh	104.5	98.0	94.7	90.8	91.6	83.7	79.9	91.1	85.9
Processed	105.5	110.2	121.5	124.4	123.9	126.4	129.8	130.0	127.5
Dried beans and peas, and nuts	102.5	98.7	98.4	100.0	103.8	104.6	100.4	106.3	103.5
Cereal products	100.4	100.8	97.9	98.6	97.6	97.8	96.0	96.5	99.0
Sugar	103.0	103.9	106.3	106.5	108.6	109.7	107.0	102.9	109.3
Coffee, tea & cocoa	100.9	96.7	93.9	92.4	98.2	96.8	89.4	85.1	88.8
Total food	101.4	101.6	102.7	103.6	104.1	102.2	102.9	102.3	105.7
Animal products	101.6	101.2	102.3	103.9	103.7	99.3	102.1	100.0	104.0
Crop products[6]	101.3	101.9	102.9	103.2	104.4	105.4	103.5	104.6	107.3

[1] Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. [2] Preliminary. [3] Includes butter. [4] Excludes melons and baby food. [5] Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. [6] Includes melons, soup, and baby food in addition to groups shown separately.

Consumer, wholesale, and farm price indexes, 1976-77

(1967=100)

Item	1976					1977 (I)	
	I	II	III	IV	Year	Index	Percent change 1976-77
Retail prices:[1]							
All goods and services (CPI)	167.1	169.2	171.9	173.9	170.5	176.9	5.9
All items less food	163.4	166.0	168.9	171.5	167.5	174.1	6.5
All food	179.8	180.0	182.0	181.6	180.8	186.6	3.8
Food-at-home	179.4	178.9	180.6	179.3	179.5	184.8	3.0
Food away-from-home	181.9	184.7	187.8	190.1	186.1	193.7	6.5
Wholesale prices:[1]							
All commodities	179.4	182.1	184.2	186.0	182.9	190.0	5.9
Industrial commodities	178.1	180.6	183.6	186.9	182.3	190.0	6.7
Farm products	190.3	194.0	192.7	187.3	191.2	198.3	4.2
Processed food	179.7	181.6	178.3	175.2	178.7	180.3	.3
All food[2]	180.4	181.2	177.9	176.0	178.9	182.3	1.1
Prices received by farmers[3]	186	192	190	177	186	187	.5
Crops	193	201	207	191	198	217	12.4
Livestock and products	181	185	175	168	177	172	-5.0
Market basket of U.S. farm foods:[4]							
Retail cost	176.7	175.3	176.0	173.5	175.4	177.1	.2
Farm-retail spread	172.5	170.8	174.3	176.2	173.2	177.0	2.6
Farm value	183.5	182.5	178.8	169.3	178.8	177.1	-3.5

[1] Department of Labor, Bureau of Labor Statistics. [2] All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm product group. [3] Statistical Reporting Service. [4] Economic Research Service.

spreads were up sharply for dairy products, eggs, and fruits and vegetables. Decreases for beef, pork, and oilseed products were partially offsetting.

The farmers' share of the consumer dollar spent in retail food stores for market basket food averaged 39 cents in the first quarter compared with 38 cents in the previous quarter and 40 cents in the first quarter last year.

Food Prices Up Sharply In April

The April Consumer Price Index for food rose 1.2 percent above March, but was 1½-percent higher after seasonal adjustment. Compared with April 1976, retail prices for all food averaged about 6½-percent higher, while nonfood prices were up nearly 7 percent.

Both food-at-home and food-away-from-home prices rose at about the same monthly pace in April. Much of the increase in both categories was due to a significant hike for imported foods. Coffee prices averaged 13 percent above March, tea rose 4½ percent, and fish prices were 1 percent higher. In the U.S.-produced farm food category, most livestock foods fell less than seasonally, while crop related foods rose. Red meats dropped ½ percent reflecting a 1½-percent drop for pork, while beef rose fractionally as did dairy products. Processed fruits and vegetables, sugar, and fats and oils rose. Fresh vegetables, which averaged more than a fourth above April 1976, rose 5½ percent for the month. Fresh fruits rose over 2½ percent, less than they usually do in April.

The April Wholesale Price Index for all food rose about 1 percent, slightly above the increase for industrial products, but was only 3 percent above a year ago. Wholesale fish prices which had been declining since the beginning of the year, rose above January levels in April. Dairy products, beverage materials, poultry, and sugar also jumped sharply. Declines for eggs, fresh and dried fruits and vegetables, and pork were offsetting.

FOOD SPENDING AND INCOME

Led by rising food prices, personal consumption expenditures for food were $208.8 billion (seasonally adjusted, annual rate) during the first quarter of 1977. This represents nearly a 2½-percent increase over the fourth quarter of 1976, and nearly

an 8-percent increase over a year ago. Spending for restaurant meals and snacks rose more than expenditures for food at home.

After adjusting for price changes, first quarter food expenditures were nearly 5 percent above a year earlier. Most of this increase can be attributed to a 5½-percent increase in adjusted expenditures for food purchased for home use. Price adjusted expenditures were fractionally above the fourth quarter of 1976 with declines in at-home spending more than offset by increases for purchased meals.

Changes in food expenditures, first quarter, 1977 (Seasonally adjusted)

Item	From fourth quarter 1976	From first quarter 1976
	Percent	
Total food		
Current dollars	2.3	7.6
1972 dollars	.2	4.9
Food at home		
Current dollars	1.9	7.3
1972 dollars	-.3	5.7
Food away from home		
Current dollars	3.8	8.7
1972 dollars	1.7	2.5

Personal income totaled $1,245.8 billion (seasonally adjusted annual rate), 8½ percent above year-earlier levels. Total personal consumption expenditures rose at a faster pace with income totaling over 11 percent above a year ago. Much of this increase is due to a 23-percent increase in automobile sales. However, all major categories of consumer expenditures have continued to show strong demand, especially since fourth quarter 1976. As incomes increase, consumers are allocating larger shares of their expenditures to services and durable goods. The share allocated to durable goods was 15 percent, up ½ percentage point from the same period a year earlier, due entirely to greater automobile spending. The share allocated to services rose half a percentage point to 45 percent due primarily to greater household operation expenses. Offsetting these increases were declines in the relative share allocated to food, clothing, and shoes. As incomes rise, these trends likely will continue, although at a less rapid pace.

Quarterly changes in personal expenditures and disposable personal income (Seasonally adjusted)

Item	1976			1977
	II	III	IV	I
	Percent			
Personal consumption expenditures	2.0	2.2	3.1	3.3
Durable goods	2.4	1.7	2.7	7.4
Nondurable goods	1.3	1.6	3.2	1.9
Food	1.7	1.0	2.4	2.3
Other	1.0	2.1	3.9	1.6
Services	2.5	3.0	3.1	3.3
Personal disposable income	2.2	1.5	2.2	2.4

Family Feeding Programs

Revised figures for fourth quarter 1976 indicate that participation in the Food Stamp Program in the 50 States and the District of Columbia during 1976 steadily declined throughout 1976. However, during the first quarter of this year the number certified to participate rose to 16.2 million, primarily due to an increase of 400,000 nonpublic assistance participants. Public assistance participation also rose by 100,000. Most of the participation increase among those not receiving public assistance can be attributed to emergency food stamp aid authorized for 23 counties in New York, Maryland, and Virginia that were hard hit by the winter weather. Despite the first quarter rise, participation remained nearly 6 percent below the first quarter of 1976 and 8½ percent below the peak participation rate of the second quarter of 1975.

The total value of stamps issued totaled $2.0 billion, during the first quarter 1977, a decline of 5½ percent from first quarter 1976. However, because participants on the average were paying for a greater proportion of their stamps, the value of bonus stamps (those stamps not paid for by the recipient) declined nearly 7 percent relative to the same period a year ago. Purchases with food stamps accounted for nearly 3 percent of total personal consumption expenditures for food purchased for use at home. In addition to the Food Stamp Program, 67,000 families, primarily on Indian Reservations, received food commodities valued at $3 million.

Child Nutrition Prgrams in the 50 States and District of Columbia

Nearly 26 million children participated in the National School Lunch Program during the first quarter of 1977. Two and one-half million children participated in the School Breakfast Program. USDA contributed about $505 million to the lunch programs for food purchases. Schools participating in the School Breakfast Program received cash grants totaling $43 million. In addition to cash grants, schools received donated food commodities valued at $168 million. The Special Milk Program reaches the greatest number of school age children. Nearly 250 million half pints were served children

through the program during the first quarter at a Federal cost of $45 million. In addition to the School Lunch and Breakfast Programs, ½ million children in daycare centers received food through the Child Care Program.

Total Program Costs

The total USDA food costs of USDA Federal food programs during the first quarter of 1977 was $2,028 million, down slightly from a year ago. Increases in the child nutrition programs were more than offset by declines in the Federal cost of the Food Stamp Program. Participation in the Food Stamp Program should decline below current levels. However, increases in the coupon allotment (see *USDA Actions*) will raise the cost of the program beginning in July. Participation in the Child Nutrition Program should continue to increase in the near future as more children take advantage of the availability of reduced priced lunches.

Federal cost of USDA food programs (50 States and District of Columbia only), 1970-76

Item	1970	1971	1972	1973	1974	1975	1976					1977
							I	II	III	IV	Year	I[1]
	Million dollars											
Food stamps												
Total issued	1,925	3,103	3,615	4,049	5,868	7,680	2,064	1,984	1,885	1,890	7,823	1,951
Bonus stamps[2]	1,104	1,699	1,980	2,209	3,498	4,602	1,249	1,187	1,114	1,109	4,659	1,164
Food distribution[3]												
Needy families	275	261	225	152	87	11	3	1	2	2	8	3
Schools[4]	234	311	275	253	355	364	151	109	47	109	416	168
Other[5]	34	37	39	48	36	33	8	3	10	10	31	11
Child nutrition[6]												
School lunch	337	628	785	939	1,137	1,340	481	358	176	473	1,488	505
School breakfast	14	22	28	43	67	94	36	28	15	39	118	43
Special food[7]	15	34	43	52	87	116	23	35	156	24	238	27
Special milk	96	92	91	63	90	134	47	35	21	46	149	45
WIC[8]	---	---	---	---	33	106	38	44	46	53	181	62
Total[9]	2,109	3,084	3,466	3,784	5,390	6,800	2,036	1,800	1,586	1,865	7,288	2,028

[1] Preliminary. [2] Includes Food Certificate Program. [3] Cost of food delivered to State distribution centers. [4] Includes Special Food Services. [5] Includes supplemental food, institutions, elderly persons. [6] Money donated for local puchase of food. Excludes nonfood assistance. [7] Includes child-care and Summer Food Programs. [8] Special Supplemental Food Program for Women, Infants, and Children begun January 1974. [9] Excludes those food stamps paid for by the recipient. Do not add due to rounding.

Consumer Price Index, U.S. average (not seasonally adjusted)

Items	Annual			1976			1977			
	1974	1975	1976	Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	1967=100									
Consumer price index, all items	147.7	161.2	170.5	168.2	173.8	174.3	175.3	177.1	178.2	179.6
Consumer price index, less food	143.7	157.1	167.5	165.0	171.6	172.2	172.9	174.0	175.1	176.3
All food	161.7	175.4	180.8	179.2	181.1	181.7	183.4	187.7	188.6	190.9
Food away from home	159.4	174.3	186.1	183.8	190.0	190.9	192.2	193.6	195.2	197.5
Food at home	162.4	175.8	179.5	178.1	178.9	179.3	181.2	186.2	186.9	189.3
Meats[1]	164.1	177.9	178.2	176.6	169.7	167.4	169.9	171.3	170.8	170.1
Beef and veal	168.5	170.0	164.5	160.8	159.4	160.7	162.1	161.5	160.7	161.2
Pork	161.0	196.9	199.5	200.0	182.4	174.7	180.1	185.1	184.1	181.7
Poultry	146.9	162.4	155.7	158.0	144.5	144.0	144.5	152.9	158.3	157.7
Fish	187.7	203.3	227.3	222.3	235.5	237.6	238.0	241.1	241.5	244.0
Eggs	160.8	157.8	172.4	159.4	178.7	193.8	197.9	207.9	179.5	166.0
Dairy products[2]	151.9	156.6	169.3	167.9	171.7	171.4	171.3	171.1	171.2	171.4
Fats and oils[3]	179.4	198.6	173.7	171.7	175.7	177.3	178.8	179.5	180.7	183.5
Fruits and vegetables	165.8	171.0	175.4	179.0	174.8	175.5	177.6	194.7	196.8	203.0
Fresh	162.6	166.1	170.2	174.7	170.7	171.4	174.9	203.6	205.4	214.3
Processed	170.6	178.3	183.0	185.4	181.1	181.4	181.5	181.6	184.0	186.1
Cereals and bakery products	166.1	184.8	180.6	180.2	179.9	179.3	179.9	180.0	181.3	182.6
Sugar and sweets	195.2	246.2	218.2	221.1	212.3	211.1	212.7	219.2	222.8	226.4
Beverages, nonalcoholic	155.6	178.9	214.0	198.0	237.7	246.9	257.6	273.8	286.4	311.4
Apparel commodities less footwear	135.7	140.6	144.9	142.8	149.4	149.2	146.5	147.4	148.1	148.6
Footwear	138.1	144.2	149.9	149.0	153.7	153.4	153.2	154.4	155.4	156.2
Tobacco products	143.8	153.9	160.5	159.9	162.7	163.7	165.4	165.8	166.0	166.1
Beverages, alcoholic	131.8	142.1	146.8	146.0	148.6	148.8	148.8	148.8	149.3	149.8

[1] Beef, veal, lamb, mutton, pork, and processed meat. [2] Includes butter. [3] Excludes butter.

THE CURRENT U.S. COFFEE SITUATION—HIGH PRICES—DECLINING CONSUMPTION

by Fred Gray

Since mid-1976, coffee consumption has declined sharply from year-earlier levels, and the 1977 figure could be down about 1 pound from the 12.8 pounds in 1976, largely due to sharply higher retail prices in recent months. If realized, this would be the lowest level of consumption since 1925. Per capita tea consumption totaled 0.81 pound last year (dry leaf basis) up from .80 pound in 1975. Tea consumption and prices will probably increase even more this year as high coffee prices cause some switch to tea. Per capita soft drink consumption is now expected to total over 29 gallons in 1977, up about 5 percent from 1976, and retail prices may rise 5 percent or better.

Ironically, while retail coffee prices are now record high, the long-term downtrend in coffee consumption since 1962 is mostly explained by factors other than price. Per capita U.S. coffee consumption has almost continually declined from an earlier high of nearly 16 pounds (green bean basis) in 1962 to a recent low of 12.4 pounds in 1975. Two principal explanations for the long-term downtrend in U.S. coffee consumption are: (1) Robusta factor, and (2) changing lifestyles reflected in rising soft drink consumption.

The Robusta factor reflects the subtle change in U.S. coffee flavor over the years. Robusta coffees have captured nearly 30 percent of the U.S. coffee market in recent years, up from less than 3 percent in the late 1940's. The Robusta factor could be a major reason for the longterm decline in U.S. coffee consumption since Robusta coffees have a distinctive flavor (sometimes described as harsh or bitter).

The relation of rising U.S. soft drink consumption (and tea consumption) to declining coffee consumption is less clear. Rising soft drink consumption reflects some mix of increasing consumer incomes coupled with changing life-styles. (See PERSPECTIVES in this issue).

U.S. Coffee Prices Record High, Retail Prices Expected to Increase Further

Coffee prices began to advance shortly after the July 17 and 18, 1975 freeze. The U.S. average retail price of roasted coffee increased slowly from $1.25 per 1-pound can in early July 1975 (before the freeze) to $1.33 in September 1976, and then rose sharply to $3.39 per can in April 1977. Similarly, retail prices for a 6-ounce jar of instant coffee were $1.42 in July 1975 and $2.84 in April 1977.

Until recently, continually rising green and wholesale roasted coffee prices were leading the way. In April, the composite green coffee price (a weighted measure of the major types of green coffee) averaged a record $3.33 per pound. Even with no further rise in green coffee prices, retail prices are likely to increase some more to catch up, since it normally takes 4 to 6 months for green coffee to be imported, processed, packaged and delivered to grocery stores.

The stresses and strains of sharply rising green and wholesale roasted and instant coffee prices, which impact sharply on retail prices were felt in the marketplace in late 1976 and early 1977. Apparently reflecting increasing consumer resistance to high retail prices, U.S. coffee sales declined recently. This caused roasted and instant coffee to back up in marketing channels as new orders were reduced. First quarter roastings this year declined about 15 percent from roastings in the first quarter of 1976.

Even though the composite monthly green price of $3.33 per pound was record high in April, it peaked at $3.40 per pound on April 14, and has since declined irregularly to under $3.00 in late May. Similarly, the wholesale price of roasted coffee rose less in April (12 cents) than in March (62 cents). And prices of wholesale roasted coffee appear to have reached a plateau at near $4.00 per pound.

But even with no further increases in green coffee prices from current levels, retail coffee prices would have to rise for some time to reflect current high prices of green and wholesale roasted and instant coffees. The U.S. average price of a 1-pound can of roasted coffee could top $4 later this year. Only a further decline in green coffee

prices would allow the retail price of roasted coffee to peak or level off at less than $4 per pound.

World Coffee Supply Situation

The July 1975 freeze in Brazil had little effect on the size of the 1975/76 world crop—73.6 million bags (132.3 pounds each, or 60 kilograms). But, severe damage to trees—almost total in some areas—greatly reduced the 1976/77 crop. The current 1976/77 world crop of 62.2 million bags is 15 percent less than the previous crop. The Brazilian crop totaled only 9.5 million bags, down from 23 million. Also, 1976/77 exportable production (total harvested production less estimated consumption in producing countries) will likely total about 45.3 million bags, down from 55.4 million bags in 1975/76 and about 10 to 12 million bags less than estimated world import demand. Brazil's exportable production fell to 2.5 million bags in 1976/77, compared to 15 million bags in the more normal 1975/76 crop year.

While Brazil suffered from freezes before 1975—most recently in 1972 and 1969—the freeze in 1975 was very severe in the frost-prone states of Parana and Sao Paulo. It will take several years for production there to return to normal levels. After earlier freezes, Brazilian production usually returned to normal in about 1 year. Moreover, world coffee stocks in previous years, mostly held in Brazil, usually were more than adequate to meet world consumption needs when Brazilian coffee trees were injured by frost.

In contrast, by October 1976, coffee stocks in producing countries were believed to total about half the estimated consumption for the 1976/77 crop year. Thus, the world entered a "tight" coffee supply situation (with large U.S. import demand a significant factor) for the first time since the early 1950's. Because Brazil normally produces about a third of world output, while also the country most affected by frosts, sharp changes in its production impact significantly on world green coffee prices, particularly when coffee stocks in exporting countries are relatively low.

How High are Coffee Prices Likely to Go

World coffee production is expected to return to normal levels by 1979/80, perhaps sooner. However, there were freezes in Brazil in 1969, 1972 and 1975. If the 3-year freeze cycle should repeat again, Brazil would be due for a freeze in 1978, but it might not reduce production as much as previously because replanting since the 1972 and 1975 freezes has been mostly in areas nearer the equator and less subject to freeze. It takes a minimum of 3 years for coffee trees to come into bearing. Other factors that could delay a return to normal world production include coffee rust in Central America and civil unrest in Angola, Ethiopia, and Uganda.

Recent trends in the spread between the composite average green coffee prices and retail roasted coffee prices suggest U.S. roasters may have been able to maintain their absolute spread when green coffee prices were rising, though spreads have narrowed slightly on a relative basis. Spread trends also reinforce the likelihood that a 1-pound can of roasted coffee at retail will top $4 later this year—unless green coffee prices decline significantly from recent levels.

While there is some limit to how high retail coffee prices can go, no one is sure what the top price level is or when it will occur. On the demand side, the consumption picture is not clear. Will consumer resistance in the United States and around the globe lower household purchases further which will result in coffee supplies backing up in marketing pipelines, so that both green and wholesale roasted and instant prices decline further from recent levels? And moreover, is the recent decline in consumption a permanent shift or temporary?

To a lesser degree, future world and U.S. coffee prices hinge as much or more on the attitudes and perceptions of all those in coffee marketing channels (including consumers) as they do on objective economic facts. As long as enough in the market believe world coffee supplies will continue tight, there will be a strong push for coffee prices to rise. But, when enough traders become doubters, as they did in late April and early May, the result is declining green coffee prices.

Another unknown element is the extent to which coffee roasters and distributors are protected against changes in the green coffee spot prices by contractual arrangements or futures market positions. Similarly, information on green coffee prices which is publicly available deals only with spot prices for sales made today. And data are incomplete on the quantities of green coffee previously purchased and the time lags before they are roasted and distributed. Recent patterns suggest there may have been considerable variation within the traditional 4 to 6 months for the coffee to be imported, processed, distributed to grocery stores, and purchased by consumers.

The Foreign Agricultural Service (FAS) recently forecast the 1977/78 Brazilian coffee crop will total about 17 million bags (132.3 pounds each), up sharply from the frost-reduced 9.5 million bags from the 1976/77 harvest. While it is too early to accurately forecast the 1977/78 world crop, Brazilian crop prospects indicate the 1977/78 global coffee crop will likely be several million bags larger than 1976/77 crop.

With world stocks reportedly at relatively low levels, almost any report of crop damage will tend to result in sharp rises in green prices—at least temporarily—particularly until the frost-prone season in Brazil is over, which could last until near September 1. For example, this occurred on May 17, when a cold front accompanied by unusually high winds reportedly damaged trees in the State of Parana. Even though this early report appears to have exaggerated both the actual damage and the level of coffee production in Parana, it was enough in a sensitive market for green prices to stop the decline that began in mid-April. As a result, green coffee prices moved up from under $2.90 per pound in mid-May to over $3 per pound before declining again in late May.

Thus, it seems too early to tell if the recent decline in green coffee prices is just temporary as the recent rise might suggest, or whether green coffee prices will continue down. The mid-April to mid-May decline in green coffee prices indicates that when coffee prices become high enough, U.S. consumers will noticeably reduce purchases. Recent patterns also suggest that even if green coffee prices continue to increase until world supplies return to near-normal levels, further advances may be smaller than what occurred in late 1976 and early 1977 because of the record-high prices for green beans.

BEEF HANDLING SYSTEMS

For a century or more, most fresh beef was slaughtered and dressed by meat packers and shipped in carcasses to the individual retail store. Butchers in the retail stores cut up the carcass into retail cuts which were then sold to consumers. With the advent of the self-service supermarket there was a shift within the store to prepackaging retail cuts instead of cutting to order as had been the general practice when the butcher stood behind the meat counter rather than in the back room. In the 1960's, retailers, packers, and distributers began to look at other ways of handling beef. One major objective was to reduce costs. Many different systems were tried including preparation of primal and subprimal cuts by the meat packers and shipment in boxed form (rather than hanging carcasses) either to retail warehouses or to individual retail stores. Preparation of retail cuts at the retail seller's warehouse or by the meat packer has also been tried, as well as retail warehouse cutting to primals and subprimals. Recent estimates are that a third of the beef entering supermarkets is in carcass form.

ERS has been studying the costs of different beef handling systems. The costs of seven different systems involving various combinations of methods have been analyzed. A forthcoming report in the July, *Agricultural Economics Research* by Lawrence Duewer and Terry Crawford will give more detailed results. The analysis considers the effects on costs of different systems of handling beef, the number and size of stores per firm, and the distance from the packer.

One major finding of this research was that boxed beef does not provide the great savings that has often been attributed to it. Boxed beef is the system where the packer breaks the carcass into smaller (primal or subprimal cuts), vacuum packs them, and ships them to the retailer in boxes. Centralized cutting by retail firms at the warehouse to retail cuts was the least costly method of the seven analyzed. Larger stores have a cost advantage in handling meat over smaller stores regardless of the system used. A greater number of stores per chain did not appear to yield significant economies of scale above 10 stores per chain.

There are many problems to be solved in changing from existing systems. Transition to a more centralized system will require that management and labor work out procedures to handle the displaced labor and for the retirement of existing capital facilities. Both the labor-management problems and the large investment required for a centralized cutting system, plus the write-off of present investments in equipment at the retail store level make the process of shifting to more centralized operations difficult and expensive.

MILITARY COMMISSARY FOOD SALES

Food sales at the worldwide military commissaries of the five service branches reached almost $3 billion in fiscal year 1976. Over half of the $100 million increase from 1975 was due to higher prices. The apparent volume increase of about 1½ percent was the same as the 1975 increase.

Since 1971, food sales at the 385 commissary outlets, which represent about 2 percent of total U.S. food at home expenditures, have gone up over 60 percent. But almost all of this increase was due to higher prices. Apparently, actual volume rose a minimal 3 percent.

A major factor in low volume growth has been the decline in the number of military personnel. A cutback in funds for commissary employees resulted in shorter commissary hours and a decline in the number of commissary outlets also curtailed volume. The bulk of commissary food

sales is made to married military personnel. Although the number of married military personnel has remained more stable than for unmarried, the number of military families declined from 1.4 million at the height of the Vietnam conflict to about 1.1 million in 1976. However, the decrease in active duty families has been partially offset by an increase of approximately 250,000 retired families using the commissary.

Military commissary food sales, worldwide

Year ending in July	Total	Food	Household and other	Food (adjusted at 1971 prices)
	Millions of dollars			
1971	1,802	1,576	276	1,576
1972	2,071	1,754	317	1,678
1973	2,264	1,917	346	1,577
1974	2,605	2,206	399	1,581
1975	2,859	2,422	437	1,603
1976	2,960	2,508	453	1,626

Source: Military Market Magazine.

Usage privileges at the commissaries are open to all military personnel and retirees. Commissary prices include a 4½ percent surcharge above wholesale prices, resulting in a savings over regular retail store prices which the Department of Defense estimates is about 22 percent. (*Anthony Gallo*)

LOOK-ALIKE BOTTLES MERIT CLOSE INSPECTION

The Bureau of Alcohol, Tobacco and Firearms of the Treasury Department, citing a "potential for confusion" in look-alike alcoholic beverage bottles of different volume, advised consumers to be certain of the sizes they buy.

The United States is joining most of the world's other countries by adopting metric standards for distilled spirits and wine. Bottles measuring volume by the quart, pint and ounce are being replaced by close-equivalent sizes in liters and milliliters.

During the changeover period, which runs through 1978 for wine and through 1979 for distilled spirits, there will be a mix of metric and U.S. sizes on store shelves. Depending on the bottle, a customer may get more or less than he thinks at first glance.

For example, the half-gallon of distilled spirits contains 64 ounces, or 4.8 ounces more than the new 1.75-liter size. Side by side on the shelf, the two bottles may appear identical. However, an ounce-equivalent listing will appear on the label, or embossed on each metric bottle, of distilled spirits and wine.

There are seven metric wine sizes, ranging from the 100-ml. miniature to the three-liter size containing almost a gallon. Six metric sizes for distilled spirits begin with the 50-ml. miniature and range to the 1.75-liter size holding a little less than a half-gallon.

SOME ECONOMIC EFFECTS OF THE BEEF GRADE CHANGES

In February 1976, revised USDA standards for grades of beef took effect amid strenuous controversy. ERS has been studying and will continue to study the economic effects of the changes in the grade standards. Kenneth Nelson has been examining some of the effects on the pricing and marketing of carcass beef. In a forthcoming report, his full findings will appear. This article gives the highlights.

ERS will survey consumers this fall on their reactions to the changes, and results will be reported in later issues of the *National Food Situation.*

One major revision was to move the grade boundaries so that different proportions of the total beef carcasses fall into each grade. But at the same time that the grade standards were changed, the composition of beef slaughter was also changing, primarily because of changes in the proportions of grain-fed and other beef cattle coming to market. Statistical analysis which accounts for changes in slaughter composition and the amount of beef actually graded shows that only part of the change from Good to Choice was due to the change in grade standards. For the 8 months following the grade change, shifts in the percent of total beef carcasses falling into each grade due to the change in grade were: Prime, plus 2.2 percent; Choice, plus 1.6; Good, minus 3.5; and Other Grades, minus 0.3 percent. Thus, a little less than 4 percent of all commercial beef moved up in grade as a result of the revised grade standards.

Another major change in the grading system was to require that all carcasses graded must be rated both for quality and yield—that is, the percent of salable beef cuts that can be obtained from a carcass. One reason for combining quality and yield grades was to encourage price differentials that more accurately reflect value differences between carcasses. Previous research has indicated that if yield grades are not considered

in the pricing process, lean carcasses tend to be underpriced and fat carcasses overpriced at any given weight level. Without yield grades, weight was used as an imperfect indicator of fatness. This study shows that, after the change in the grading system, premiums and discounts associated with yield grade widened, consistent with the objective of improving pricing efficiency. In other words, the use of yield grades brought about somewhat more accurate evaluation of beef carcasses in terms of their value in the marketplace.

CONSUMER RESEARCH

The first four articles in this section are based on a national survey conducted by ERS in the spring of 1976 (Phase I) and the winter of 1977 (Phase II) to assess consumers' behavior, attitudes, and motives toward food. Results are based on more than 1,400 personal, in-home interviews with respondents who were the main food shoppers or had major responsibility for food purchasing decisions within their households. Selection of respondents was based on a national probability sample, representing a cross section of private households throughout the 48 contiguous States.

FOOD SHOPPING BEHAVIOR

By Evelyn Kaitz

Consumers have an impact on the market system and should have a greater impact as they make their demands known. What are consumers' needs and demands? How does their behavior reflect their knowledge about and awareness of the available tools to help make better food purchase decisions?

In the winter of 1977 there was a small increase in the percentage of respondents doing most of their food shopping at a supermarket. As was the case in the first phase, around 60 percent said each time they do their main food shopping they usually shop in one store, around 30 percent said two stores and slightly less than 10 percent use three stores.

In both phases, around 56 percent of those surveyed did their main food shopping once a week and about 20 percent shopped every other week.

Most shoppers felt that selected label information would be useful when food shopping. Both phases investigated label information that is now available, although not in all stores, and some that is being considered. As shown in the following table, some types of label information are considered more useful than others.

Usefulness of selected label information when food shopping

Information	Extremely or very useful	
	Phase I	Phase II
	Percent	
Price of food on package	91	90
Dates on food package	89	91
Uniform names & description of meat cuts	71	76
Ingredient information	65	67
Instructions on how to store	64	72
Nutrition information	54	63
Name of manufacturer	54	53
Unit pricing	53	60
Drained weight of canned food	30	45
Whether frozen products have thawed before purchase[1]	---	84
USDA grade on all canned or frozen fruits & vegetables[1]	---	68
Whether fresh fruits & vegetables have a wax or preservative coating[1]	---	50

[1] Not included in Phase I.

Half or more of the respondents in Phase II did not change shopping patterns compared to January 1976. However, there were some changes indicated in the following table.

Food shopping habits compared to January 1975 (Phase I) and January 1976 (Phase II)

	More		Less		Same		Never do this	
	Phase I	Phase II	Phase I	Phase II	Phase I	Phase II	Phase I	Phase II
	Percent							
Check ads in paper for specials	30	27	2	3	51	54	16	15
Shop at more than one store to find lowest prices	16	15	3	4	51	52	31	29
Shop close to home	15	17	2	3	75	75	7	4
Save & use coupons	29	25	2	3	46	53	24	19
Buy in volume for later use	27	21	3	4	49	61	20	14
Number of trips to store	7	12	12	11	81	77	---	---
Number of stores shopped in	6	6	5	5	86	89	---	---

The majority of the respondents indicated that ingredient information is or might be extremely useful. In the second phase, 66 percent of these respondents said they always or almost always check food labels for ingredients before purchasing a product the first time. Among those that said nutrition information is or might be extremely or very useful, 59 percent said they always or almost always read nutrition information on packages before purchasing a product the first time.

Compared to January 1976, shopping at more than one store to find the best food prices had increased among 15 percent of the second phase respondents. Fifty-two percent had made no changes and 29 percent said they never shop in more than one store to find the best food prices. Of those that had made no change, 31 percent always or almost always shopped more than one store for the best food prices, 23 percent sometimes did this and 41 percent seldom or never do. The comparatively high percentage of shoppers that do not shop around for the lowest food prices is not surprising, as around 60 percent of respondents said they shop only one store each time they do their main food shopping.

From spring 1976 (Phase I) to winter 1977 (Phase II) fewer respondents reported an increase in volume buying, more respondents claimed they bought the same amount, and fewer respondents indicated never buying in volume. There appears to be a logical explanation for this behavior when we check their answers to frequency of buying in volume. Of the respondents (61 percent) who have not changed this behavior since January 1976, 65 percent said they always or almost always store extra food items at home when they can be bought at lower prices, and 27 percent said they sometimes do this.

Findings from Phase II support the conclusion that, in general, consumers are interested in more information and are using available information to help them make better food purchase decisions. They are more aware shoppers and are checking the ads before doing their shopping, they are reading labels and express a need for additional label information, they are saving and using food coupons, and they are buying food in volume when they can get it at a lower price.

UNIFORM MEAT LABELING: A TOOL FOR THE CONSUMER?

by Jon Weimer

Prior to 1973, there was little concerted effort to develop a systemized program to standardize meat labeling nomenclature. A uniform meat labeling program had been suggested by consumer groups because of the proliferation of names being used for retail meat items. A 1972 ERS study,[1] for example, which examined advertising of fresh beef in eight cities found a considerable variety of names used for retail beef products.

This multitude of names reflected the use of different names for the same cuts, names that sometimes would not indicate the primal source (i.e., the part of the animal from which the cut came—chuck, rib, etc.), and names that were often found to be fanciful or colorful in nature but not very descriptive in terms of content.

In 1973, standards for retail meat cuts were prepared by the National Livestock and Meat Board, which consists of industry representatives from throughout the country, in cooperation with the meat industry and several government agencies including the Department of Agriculture. Under these standards, each meat label would have a three-part description, giving the species of animal (e.g., beef), the name of the primal cut, and the specific retail cut name (e.g. Porterhouse steak) which would be standardized among stores. As of this writing, six States have mandatory legislation to use the system recommended by the Board; five States have legislated uniform meat labeling standards different from those recommended by the Board, and 18 States have pending legislation or have launched State-wide voluntary programs to adopt the Board's standards.

To gage the demand for uniform meat labeling and the extent to which consumers are already familiar with and are using this information, ERS surveyed approximately 1,400 households on this topic in the winter of 1977.

Diversity of Meat Names Still Exists

A determination was made of how many respondents shopped at more than one store for meat cuts, since these would be the shoppers who might have difficulties buying meat cuts if uniform meat labeling was not in effect or who, on the other hand, may have benefited from a uniform meat labeling system already in effect. In the year preceding this survey, approximately 67 percent of the respondents indicated they had shopped in two or more stores for their meat. Of these shoppers, a little over half had either frequently or sometimes noticed different names for

[1] "Fresh Beef Ads and Product Names", The Marketing and Transportation Situation, Economic Research Service, U.S. Dept. of Agr., November 1972, pp. 30-34.

the same cuts of meat in these stores. An additional 18 percent of the respondents indicated they had also noticed different names for identical cuts, but only seldom. Shoppers who noticed the different names tended to be higher educated, to come from large metropolitan areas, and to come from households with an income of $15,000 or more. It may be that the proportion of respondents shopping in stores which have no common uniform meat labeling system might be higher than indicated in this survey. It may be that higher socioeconomic respondents are simply more aware of the discrepancies that may exist in meat nomenclature. This in turn may be a function of these respondents enhanced opportunity to buy and thus be concerned with, a greater variety of meats. Twenty-three percent of the shoppers indicated they have never noticed different names for the same cuts of meat.

Helpfulness of Uniform Meat Names

Most of those who had noticed different names for the same cuts of meat were rather emphatic in stating how useful it would be to have uniform meat nomenclature in all the stores where they shopped—74 percent indicating it would be either extremely or very helpful to have this information. For these respondents, the most common reason cited was to be able to consistently associate a particular name with a certain quality of meat, thus making shopping easier, quicker, and less confusing. Two other reasons given fairly frequently related to the amenability of making price comparisons between different cuts and the enhanced ability to follow recipes in cooking specific cuts. Approximately 17 percent of the respondents noticing different names indicated that this information would be somewhat helpful. Only 9 percent of the respondents noticing different names for identical cuts indicated it would either be not too helpful or not at all helpful to have identical names for the same cuts of meat. The primary reasons given by this group of shoppers were that they either already recognized on sight the cuts they wanted anyway, simply bought what looked good and fresh to them, or for no other reason than they were not particularly concerned with or interested in the meat labeling issue.

As mentioned earlier, a little less than one-quarter of the multi-store shoppers indicated they never noticed different names for the same cuts of meat. An assumption was made that these respondents shopped in stores with uniform labeling and that these shoppers were aware of such standardization. When asked how helpful it had been to them to have the same names for the same cuts of meat, 54 percent said it was very helpful or extremely helpful.

The respondents who found uniformity most helpful tended to be under 25 years, indicating perhaps their desire to learn a uniform meat labeling system as they were learning to shop for meat while some of the older shoppers (over 65) may have had to "unlearn" names which had been used in the past. While the primary purpose of a uniform meat labeling program is to minimize the confusion arising from the variety of names confronting shoppers in different stores, there may be instances where complete elimination of previously familiar names might add to consumer confusion—names that had become accepted through localized tradition or which had been customized for individual store and chain identity.

About 18 percent of the respondents who discerned no diverse names for identical meat cuts indicated they found such a system somewhat helpful. A relatively large proportion of the respondents (25 percent) who said they didn't experience a variety of names for the same cuts indicated that this kind of information had not been too helpful or not at all helpful to them. When this segment of shoppers was probed as to why they felt this way, the most frequent response was that they were not conscious or concerned with the issue of uniform names on meat cuts.

Consumer Information on Uniform Meat Labeling

Corresponding with the result that a majority of the respondents who shopped in two or more stores noticed different names for the same cuts of meat, almost 70 percent of these multi-store shoppers also claimed not noticing information such as posters or pamphlets in the store, newspaper ads, etc., which told them that any of the stores where they shopped for meat used uniform or standard meat names. Similarily, about 70 percent of the single-store shoppers never noticed any similar information telling them that the store where they shopped uses uniform meat names.

Summary

It would appear that uniform meat labeling has not made its presence felt for a majority of the homemakers interviewed. This is reflected by the reported incidence of encountering different names for identical cuts of meat and is reflected by consumers' general lack of awareness of advertising programs and point-of-purchase material relating to uniform meat labeling. For those

respondents who encountered a variety of names for identical meat cuts, there is overwhelming support for standardized meat labeling. Respondents who claimed *not* to have seen a multitude of names for identical cuts are comprised of those shoppers who purchase meats in stores where a uniform meat labeling system exists (a majority of whom find such a system useful) and of shoppers who simply are indifferent or oblivious to any meat labeling system that may be in existence.

HOME FOOD PRODUCTION

by Evelyn Kaitz

Data from the second phase of our survey indicate that home gardeners are dedicated. Of those interviewed, 44 percent indicated someone in their household had a home fruit and vegetable garden in 1976. For 1977, 45 percent of the households intended to plant a garden. These figures correspond closely with those from the spring survey and indicate a general leveling off in home gardening. Still, 31 percent of the households had a garden for at least 11 years.

Fruits and Vegetables Grown, Frozen, and Canned at Home

Households were also consistent in the kinds of fruits and vegetables they planted. Tomatoes appeared in 95 percent of the 1975 gardens and in 97 percent of those planted in 1976. Beans were the most popular for freezing and tomatoes the most popular for canning among vegetables from the home garden. Home grown fruits are less common than vegetables—strawberries and apples were the most popular but were grown by only 21 and 17 percent respectively.

About 50 percent of the surveyed households froze fruits or vegetables in 1976. Of those that had a garden in 1976 and froze some fruits and vegetables, 60 percent indicated freezing some of their home-grown produce. About 33 percent of the sample households canned or preserved fruits or vegetables. Of those that had a garden and canned in 1976, 47 percent indicated they used some fruits and vegetables from their home garden.

The following table shows some of the characteristics of those respondents involved in gardening and preservation of fruits and vegetables.

Characteristics	Worked in the garden	Was the main gardener	Did most of the freezing	Did most of the canning
	Percent			
Age:				
Under 25	84	49	91	89
25-34	81	47	89	77
35-49	77	40	87	88
50-64	68	37	90	86
65 and over	78	49	87	92
Employment status:				
Full time	80	41	81	76
Part time	76	42	90	88
Not employed	74	44	92	91

Reasons for Having a Home Garden

The reason mentioned most for having a home garden was that it provides better quality fruits or vegetables and/or the respondents like the taste of home-grown produce. This reason was given by 66 percent of the respondents in the second phase. The second reason in popularity—that it saves money and cuts down on the food budget was mentioned by 41 percent in the first phase, but this percentage climbed to 52 percent by the second phase. Approximately a third of those surveyed indicated the household garden was a hobby, that it provides satisfaction, pleasure, and pride.

1976 Garden Plots

Almost 9 in 10 households used only one plot for their 1976 home fruit and vegetable garden. About 5 percent did some of their gardening in containers, and about 50 percent used less than 500 square feet. Seventy five percent of the respondents said the garden was planted in their own yard, 14 percent said on their land but not part of the yard, and 8 percent said it was on other family member's or relative's property.

Canning and Preserving Supplies

Approximately 66 percent of the households that canned or preserved fruits or vegetables in 1975 had some difficulty in obtaining items needed for canning—particularly lids. In 1976, about one-fourth reported difficulty in obtaining supplies. Again the item mentioned most was lids—regular lids by slightly more than half the households having problems and wide-mouthed lids by 40 percent.

The Effects and Future of Home Gardening

There was an increase from 1975 in the percentage of households that grew fruits and vegetables in 1976 to save money and cut down on the food budget. Anticipated increases in the prices of some fruits and vegetables as a result of severe weather conditions this past winter plus a continuation of the drought in the West may

have stimulated sales of seeds and plants this season. Thus, a decline in home gardening in 1977 seems unlikely.

CONSUMERS' VOLUME PURCHASING OF BEEF

by Jon Weimer

Fluctuating retail beef prices in recent years have caused changes in consumers' buying habits. The rather sudden rise in beef prices in 1973, for example, was reflected in a drop of per capita beef consumption. Although per capita consumption has increased since then, there would appear to be a different "mix" in some consumers' purchase of beef items. For example, in a survey conducted last spring,[1] a majority of consumers indicated they were buying less of the higher-priced beef items such as steaks and roasts and buying more ground beef.

Another way that consumers may be attempting to cope with present or anticipated beef prices is to buy beef products in volume. Little information, however, is available on volume purchasing of beef, the size of these markets, the sources from which the beef is purchased, and the reasons why a variety of patterns may exist. In early 1977, ERS, in surveying approximately 1,400 households inquired about volume beef purchasing.

Of those households in which fresh or frozen beef had been purchased in the year preceding the survey, 22 percent indicated they or someone in their household purchased beef in volume. Defining what constitutes "purchasing beef in volume" is admittedly arbitrary, but the definition presented to the respondent referred to a quantity of beef 20 pounds or more which could be stored and eaten later. The volume beef purchasing households were, statistically, more evident in the North Central portion of the country, and were more likely to have incomes over $15,000. The incidence of volume beef purchasing was positively associated with increasing size of the household and was more evident in households with children.

Forms of Beef Purchased

The respondents were asked to indicate what forms they or anyone in their household had purchased beef in volume in the past year. An entire side and beef cuts were mentioned most frequently. A freezer in the home was a significant factor in the purchase of an entire side of beef. The purchase of beef cuts (i.e., large cuts of beef such as loin, chuck, round—sometimes known as "freezer" or "primal" cuts) was more prevalent in the Northeast, in households that only had a refrigerator with a freezer compartment, and in households that represented apartment living.

Form	Households buying beef in volume
	Percent
Entire carcass	9
Entire side	36
Hindquarter	19
Forequarter	8
Beef cuts	37

Generally, larger quantities of beef (i.e., entire carcass, side, forequarter) were purchased at farms. The supermarkets got the dominant share of the volume beef purchasing market only for beef cuts. Food locker plants, meat packers, and wholesale outlets combined contributed to about a third of the purchases of entire carcasses, sides, and hindquarters. Specialty meat shops (including butcher shops) were mentioned by a fairly substantial number of households which made purchases of either hindquarters, forequarters, or beef cuts.

Frequency of Purchase

For purchasers of a carcass, entire side, or hindquarter, over 80 percent purchased these items only once or twice in the preceding year; 70 percent of the purchasers of a forequarter purchased this item once or twice in that year. The frequency of purchases of beef cuts had a much wider range, with about 40 percent of the households making these purchases once or twice a year and another 40 percent between three and six times a year. About two-thirds of the volume beef purchasing households said that such purchasing constituted over 50 percent of *all* beef they bought in the year; for 45 percent of the large volume purchasers, beef purchased in this manner accounted for over 75 percent of all their beef.

Characteristics of Beef Form Purchased

In terms of the "amenities" that came with buying beef in volume, the larger forms of beef (i.e., carcass, entire side, hindquarter, forequarter) were, for a large majority of the purchasers of these forms, cut to order into smaller cuts which were then individually wrapped. Most of the households purchased the various forms of beef

[1] "Tighter Food Budgets Change Shopping Patterns," *The Farm Index*, Economic Research Service, U.S. Dept. of Agr., November 1976, p. 3.

fresh in lieu of frozen. And all forms of beef, except carcasses, were thought by most purchasers to be graded for quality.

Advantages and Disadvantages of Volume Beef Purchasing

Volume beef purchasers were asked to indicate what advantages, if any, they found in buying fresh or frozen beef in volume. Not surprisingly, "saving money" was cited by about three-fourths. About 44 percent mentioned the convenience of having a supply of meat on hand; around one-third thought buying beef in this fashion afforded them better quality of meat. A large majority of these purchasers (72 percent) did not cite any disadvantages to buying beef in this manner. The most frequently mentioned disadvantage (by only 7 percent) was that they occasionally got undesirable cuts; 5 percent mentioned the problem of having little storage space left over after such a purchase.

Purchasers' Intent to Buy in the Future

Degree of satisfaction with volume beef purchasing is reflected by the fact that almost 80 percent of these purchasers already have made or intend to make similar purchases in 1977. Of those who already had or intended to purchase beef in volume in 1977, 10 percent indicated they would make such purchases more frequently than before, primarily because of purported cost savings and better quality of meat. Four percent of those intending to purchase beef in volume in 1977 indicated less frequent purchasing chiefly because of an actual or expected decrease in size of household.

Nonpurchasers' Past and Intended Behavior

A majority of the respondents in the households surveyed (78 percent) stated that neither they nor members in their households purchased beef in volume in the preceding year. Only 8 percent of the present nonpurchasers had purchased beef in volume at any time since 1973. When asked why purchasing beef in volume had ceased, the most frequently cited reasons related to a decrease in size of the household and lack of money to make a large purchase at one time. Only 6 percent of those who did not purchase beef in volume in 1976 indicated an intent to make such purchases in 1977.

Summary

Approximately one-fifth of the households are engaged in volume beef purchasing, with cost savings being the prime motivation. Beef prices are expected to rise this fall somewhat and perhaps sharply in 1978. Such a rise in beef prices might increase volume beef purchasing in the immediate future. A possible deterrent to a substantial increase in volume beef purchasing, however, relates to the change in composition of households in recent years i.e., smaller households. Volume beef purchasing households tended to be relatively large in size and more likely to contain children; also, actual or expected decreases in size of households was frequently mentioned by those respondents that had either ceased buying beef in volume or had planned to make less frequent purchases.

USDA HOUSEHOLD FOOD CONSUMPTION SURVEY IN PUERTO RICO

Interviewing of households in the nationwide food consumption survey in the 48 conterminous States started on April 1, 1977. In the meantime, detailed planning is underway for the Puerto Rican phase of the survey which will include 3,000 households and the individuals therein. Interviewing will take place between July 1 and December 31, 1977. This is the first such survey to be conducted by USDA in Puerto Rico and is of particular interest because of the large proportion of islanders participating in the Food Stamp Program.

To obtain information on Puerto Rican foods not common on the mainland, a contract has been negotiated with Applied Social Research Inc., a Puerto Rican firm. The contractor is retaining experts in food economics, agricultural economics, nutrition, and those involved in school lunch and other social welfare institutions on the island. These experts are providing identification, package sizes, purchase units, nutritive values, recipes, etc. of foods unique to Puerto Rico. They are also consulting on the development of the questionnaire which will be used for the island survey.

An earlier account of the USDA Household Food Consumption Survey appeared in the National Food Situation, March 1977, NFS-159. (*Corinne Le Bovit*)

FOOD EXPENDITURES AND INCOME—A CORRECTION

In the March *National Food Situation* (pages 31-32), we published a brief item showing the percent of money income spent for food in 1972 and 1973. The Bureau of Labor Statistics has

corrected the numbers for expenditures for food away from home. The corrected figures are about 2 percentage points higher, with a range from 1 to 4 percentage points.

Percent of money income (before taxes) spent for food at home and away[1] All families and single persons, Consumer Expenditure Interview Survey, 1972 and 1973

Income & area	1972	1973	1973 as a percent of 1972
	Percent		
Under $3,000	40	50	123
3,000-3,999	30	30	101
4,000-4,999	25	26	106
5,000-5,999	23	24	105
6,000-6,999	20	20	101
7,000-7,999	19	20	105
8,000-9,999	17	18	107
10,000-11,999	16	17	103
12,000-14,999	15	15	102
15,000-19,999	13	14	105
20,000-24,999	12	13	105
25,000 and over	8	9	112
All families[2]	15	16	102
Region			
Northeast	17	17	101
North Central	14	15	104
South	15	16	107
West	16	15	95
Type of Area			
Inside SMSA	15	16	103
Outside SMSA	16	16	98

[1] Includes meals as pay and food on vacation. [2] Includes those not reporting complete income.

CONSUMER RESEARCH IN UNIVERSITIES

We would like to report on consumer research in universities, as well as that in Federal agencies. Brief reports on new research projects will be welcome. Copies of new publications will get a listing for 12,000 readers to see. Notices of forthcoming meetings of broad interest to our readers will be carried when we have them far enough in advance to publish before the meeting occurs.

PUBLICATIONS

Universal Product Code: Price Removal and Consumer Behavior By Gilbert D. Harrell, Michael D. Hutt, and John W. Allen. MSU Business Studies. Available from the Michigan State University, Graduate School of Business Administration, Division of Research, East Lansing, Michigan 48824. 1976, 124 pp., $6.50.

In-store interviews with 2,250 shoppers and 600 home interviews. Price removal influenced the item price determination ability of shoppers but not unit price usage.

Characteristics of Households Purchasing Food Stamps. U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 61. Order from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. 1976, 45 pp., $1.15.

Focuses on the social and economic characteristics of households participating in the Federal Food Stamp Program. Estimates of participation in the Food Stamp Program by persons living below the poverty level are also included.

Conference on Milk Marketing, December 14, 15, 1976, Proceedings. Order from Ellen Haas, Community Nutrition Institute, 1910 K Street, N.W., Washington, D.C. 20006. 1976, 122 pp., $25.00.

Participants representing university, government, consumer, and dairy interests present their views on the direction and shape of the nation's dairy marketing policies.

Meeting Tomorrow's Challenges, Proceedings Issue, 17th Annual Meeting. Available from: Food Distribution Research Society, Inc., Box 1795, Hyattsville, Maryland 20788, Attention: Dr. Jack Runyan. 1977, 155 pp., $5.00.

Topics ranging from what consumers want, to perishable product handling, to training needs of convenience stores are discussed. Changes in the food distribution system are analyzed in 36 papers presented by representatives from government, industry, and universities.

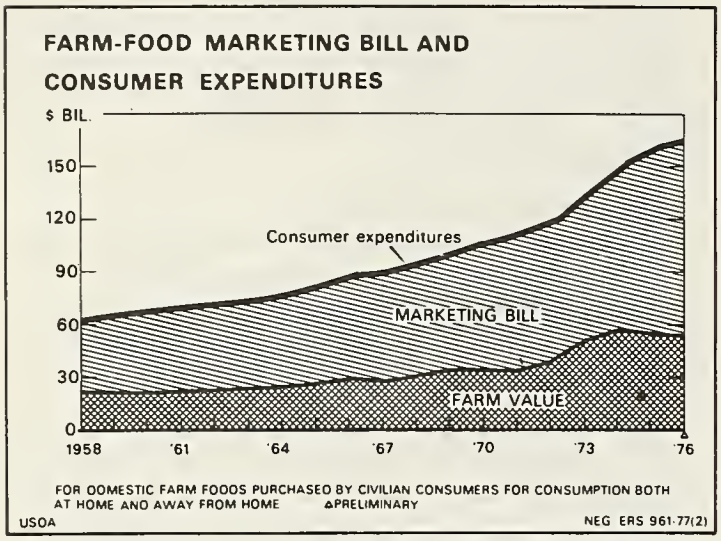
The following are available from: U.S. Department of Agriculture, Economic Research Service, Room 0054 South Building, Washington, D.C. 20250.

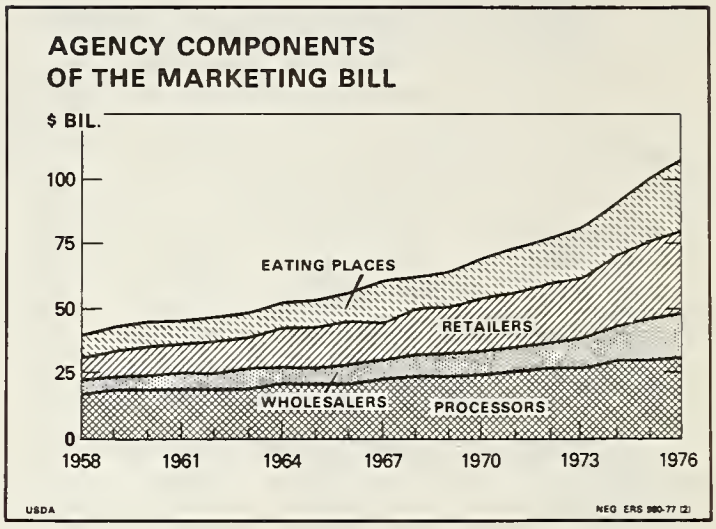
Vegetable Situation. "California Drought Update: Impact on Vegetable Production," by E.V. Jesse., USDA, ERS, TVS-204, May 1977, pp. 31-35.

While California water shortages are the most severe in years, more ground water supplies likely will keep the harvest of most vegetable crops from being greatly reduced. Nationally, the largest potential drought impacts are in cantaloups, garlic, and processing tomatoes. Some individual growers are having to make serious adjustments in their operations.

Developments in Marketing Spreads for Agricultural Products in 1976. By Denis Dunham, USDA, ERS, AER No. 367, March 1977, 36 pp.

More information about these charts and many others is contained in this publication.





U.S. FISH CONSUMPTION

Between 1960 and 1976, U.S. per capita consumption of meat, poultry, and fish rose from 178 pounds to about 280 pounds, an increase of almost 60 percent. However, per capita fish consumption as a proportion of the total meat-poultry-fish category declined from almost 6 percent in 1960 to about 4½ percent in 1976. This gap was absorbed by red meats, which rose from 75.2 percent to 76.5 percent of the total. All of this advance was due to a 90-pound-per-person increase in beef consumption (155 pounds in 1976). All other red meats—pork, veal, lamb—declined noticeably. Poultry comprised about 19 percent during both periods, as consumption rose from 34 pounds in 1960 to 54 pounds in 1976.

Per capita consumption of meat, poultry, and fish

Item	1960	1976	Change	1960	1976
	Pounds		*Percent*	*Percent of total*	
Red meats	134	214	59	75	77
Poultry	34	53	56	19	19
Fish	10	13	25	6	5
Total[1]	179	280	57	100	100

[1] May not add due to rounding.

Source: Economic Research Service.

A large part of the increase in per capita fish consumption may be taking place away from the home. Estimated institutional sales of fish account for over 60 percent of total poundage. All of the increase in U.S. fish consumption is due to higher consumption of fresh and frozen fish, with canned and cured staying about the same. The increase in fresh and frozen fish consumption has paralleled increases in sales at fast food eating outlets.

U.S. Fish Demand Restrained

U.S. per capita consumption of fish is one of the lowest among the developed countries. Japanese and Icelandic per capita consumption, over 80 pounds a year, is almost 7 times what it is in the United States. However, U.S. consumption of fish appears to be on a par with those countries which have a plentiful supply of beef—Australia, West Germany, New Zealand, Canada, and Argentina. Among these countries, poultry consumption was also higher than fish consumption.

Per capita consumption of meat, fish, and poultry, selected countries, 1973

Country	Total	Fish	Meat	Poultry
	Pounds	*Percent of total*[1]		
United States	88	7	68	26
New Zealand	68	8	92	0
Japan	53	67	20	13
Sweden	57	36	56	7
Israel[2]	49	14	18	68
United Kingdom	60	14	66	20
Portugal	58	44	39	17

[1] May not total due to rounding. [2] 1969-70.

Source: Foreign Agricultural Service, ERS.

However, the U.S. ratio of per capita fish consumption to meat and poultry appears to be lower than even high beef producing countries, except Australia. Tradition may be an important factor in this phenomenon; U.S. consumption of seafood has been low historically. In contrast, the Scandinavian and Iberian countries have always had high fish consumption, while Israel's MPF supply is comprised of about 70 percent poultry.

In addition to a conventional preference for meats over fish, recent evidence appears to suggest that the American consumer is relatively unaware of the nutritional value of fish. The protein content of fish is much higher than most red meats, and compares favorably to poultry. Tuna, for example, has twice as much protein as red meat and a fourth more than poultry. The higher content of protein in fish makes its cost per gram of protein highly favorable to red meats. Findings from a survey made by the A.C. Nielsen Company indicated that only 15 percent of the respondents mentioned fish as an item they try to include in the family diet in contrast to 83 percent for meat. Potatoes, bread, eggs, and cereals also ranked above fish. Almost 60 percent

of the respondents chose meat because it was "good for you", while less than 40 percent included meat because it "tastes good."

Despite restrained consumption, retail fish prices between 1970 and 1976 increased at a faster pace than any other major category, food or nonfood, in the Consumer Price Index. During the 1960's, the CPI for fish rose at an average annual rate of less than 3½ percent. Between 1970 and 1976, however, the fish price index has risen at an annual rate approaching 12 percent, nearly double the increase for meats and poultry.

Average yearly price increases

Item	1960-1970	1970-1976
	Percent	
Fish	3.3	11.6
Red meat	3.1	7.3
Poultry	0	6.2
CPI food	2.7	7.8
CPI all items	2.1	6.6

Source: Bureau of Labor Statistics.

To a large degree however, rapidly rising prices for fish may have little impact on consumer purchasing patterns, implying a very low elasticity of demand for the product. The Nielsen Survey found that rapidly rising fish prices affected the purchasing patterns of only 4 percent of the respondents.

Limited Supplies Reflected in Higher Prices

A more compelling explanation for rapidly rising fish prices appears to be that of limited supplies. Domestic catches of fish have not been able to meet domestic needs. Since 1960, although the U.S. population has increased 20 percent, the domestic fish catch has stayed about the same. The gap has been filled by increasing imports, almost 2½ times greater than in 1960. Fish imports now account for 60 percent of our supply, the reverse of 1960.

A major factor curtailing fish production in the U.S. is that we have no distant water fleets such as the Japanese, South Koreans and many Soviet Bloc countries where fishing is considered a major industry. In most of these countries, the fisheries industry is heavily subsidized in contrast to the United States where the government participation exists primarily in the form of a loan guarantee program. As a result, Canada supplies a fifth of our imports, Japan about a sixth and Iceland, Korea, Mexico, and Norway another 20 percent. Devaluation of American currency, along with upvaluation in some other currencies, appears to have had little impact on imports, while at the same time causing some increase in prices.

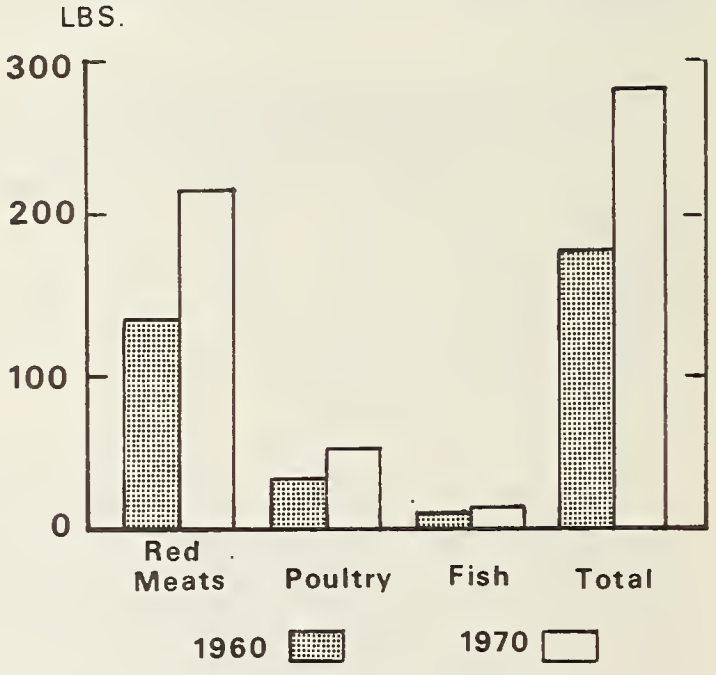
Heavy fish catches, especially by the major fishing countries, have caused a major reduction of available seafood, thus limiting worldwide supplies, although fishing restrictions have been tightened to rebuild world resources. (*Anthony Gallo*)

Sources of U.S. fish supplies

Year	Domestic	Imports
	Percent	
1960	61	39
1965	56	44
1970	44	56
1973	38	62
1974	41	59
1975	44	56
1976	43	57

Source: National Marine Fisheries Service.

PER CAPITA CONSUMPTION OF MEAT, POULTRY, AND FISH



DO THE POOR PAY MORE?

The question . . . do the poor pay more for food? has many facets. Which poor are we talking about? What foods are being compared? Are we thinking of prices on a given day or the way they change over time?

According to the Bureau of the Census, approximately 25.9 million persons were living below the poverty level in the United States in

1975. Of these, 17 percent live in inner city poverty areas. The poor in most other areas probably shop in about the same stores as anyone else.

Largely because of the social unrest in the late 1960's, a number of studies were conducted to ascertain whether the poor pay more in the inner city. The answer was both yes...and no.... Yes, in the sense that the type of store patronized made a difference in how much was paid for a given market basket of food. Since most of the stores located in the inner city are small independents—which generally charge higher prices than do chains—the inner city resident shopping in a small "Mom and Pop" store does pay more. No, if the consumer shops mostly in chain stores—regardless of location. Chain stores, it was alleged, had different pricing policies for those stores located in the "Ghetto" and, in addition to charging generally higher prices in the inner city, also marked up prices just prior to the issuance of welfare checks. No survey conducted in a technically sound manner found these allegations to be true.

The plight of the inner city resident was well documented in these surveys. Limited mobility forced many consumers to shop in smaller stores which generally were not as clean as surburban supermarkets. The smaller stores also stocked fewer items (and thus had less merchandise on which to run "specials"), their fresh produce often suffered from poor handling both from store personnel and from the customers, and the managerial expertise of inner city food retailers was generally of a lower quality than their suburban counterparts.

Another aspect of the question, do the poor pay more for food, is whether the prices of the foods eaten by the poor rise more rapidly in inflationary periods than the prices of foods eaten by the nonpoor. This is sometimes called the "inflation tax." Some studies have constructed market baskets of foods eaten by the poor and compared price movements for those foods with the Consumer Price Index for Food.

The approach of separating the commodities for which national price data are available into two groups—those relatively high-priced and those relatively low-priced—gives some indication of whether the prices of the foods eaten by the poor rise more rapidly in inflationary times than the prices of foods eaten by the nonpoor, although no group purchases foods exclusively from either set of foods.

We started in 1970, so relative price levels in that year were the basis for sorting the commodities. The division was made within commodity groups where possible. For example, meat, poultry, and fish were treated as one category. Low-priced foods in this category were those with a retail price of less than $1.00 per pound (boneless weight) in 1970. Cereal and bakery products, fresh fruits, and fresh vegetables were similarly divided on the basis of 1970 retail prices. The other foods—most of which incorporate more stages of processing—required more of an element of judgment in sorting.

All foods whose retail prices were available from either the Bureau of Labor Statistics or the Statistical Reporting Service were included. Where prices were available from both agencies, the BLS prices were used. When available, BLS weights were used as a basis for combining the foods in each group. Comparable weights were developed for the foods not included in the BLS index. The foods were divided so that roughly half of the expenditure weights were assigned to low-priced foods and half to high-priced foods.

Prices of low-priced foods rose about 1 percent more between 1967 and 1970 than did those of high-priced foods. High-priced foods rose more rapidly than low-priced foods in 1971. Prices of food in both groups increased at about the same rate in 1972, but in 1973 prices of low-priced food rose much faster than those for high-priced foods.

Then in 1974, the rate of increase for both groups was again fairly close. In both 1975 and 1976, high-priced foods rose more rapidly than low-priced foods. These divergent movements left low-priced foods 83 percent higher in 1976 than they had been in 1967, while high-priced foods were 79 percent higher.

Year	Relatively low-priced foods	Relatively high-priced foods.
1967	100.0	100.0
1970	113.5	112.1
1971	115.0	117.6
1972	119.9	122.5
1973	144.6	136.4
1974	169.3	158.2
1975	180.3	174.1
1976	182.9	179.1

To the extent that the poor buy larger proportions of the low-priced foods, the prices they paid during the period of rapid inflation in 1973 and 1974 rose more rapidly than those paid by families with a larger proportion of high-priced foods. At the same time, low-income families who were participating in the Food Stamp Program were able to shift a large portion of the costs of inflation in food prices to the government. Food stamp allotments are increased to reflect rising food prices, with some lag, and all of the increased cost is reflected in more bonus food stamps. (*Alden Manchester and Linda Brown*)

HOUSEHOLDS SMALLER—POPULATION OLDER

The demographic changes discussed in the *National Food Situation* in May 1976 ("The Impact of Some Demographic Changes on U.S. Food Consumption, 1965-1975 and 1975-90," by Corinne Le Bovit) are continuing. Households continue to grow smaller. The average household contained 2.9 persons in 1976, down 8 percent from 1970. The number of families increased only 9 percent while individuals living alone or with nonrelatives increased over 40 percent. Most of this increase was among the old and young.

The population continues to grow older as the post-World War II baby boom generation ages. Between 1970 and 1976, the number of children under 13 dropped 10 percent while those between and 25 and 34 years of age increased 27 percent. Those over 65 were 15 percent more numerous.

The implications for food consumption and food expenditures discussed last year are thus reinforced. (See U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 307, April 1977).

WHERE ARE THE POOR?

The poor numbered 25.9 million persons in 1975, the latest year for which detailed figures are available from the Census Bureau. While two-thirds of all the population lives inside metropolitan areas, only 59 percent of those below the poverty level live in metropolitan areas. Though the central cities include 35 percent of the poor, only 17 percent live in poverty areas within the central cities. Nearly a quarter of those below the poverty level live outside the central cities but within metropolitan areas. Nearly 41 percent live outside metropolitan areas in towns, small cities and rural areas, but only 5 percent live on farms.

U.S. FARM POPULATION CONTINUED DECLINE IN 1976

About one in 26 Americans—over 8 million people—lived on farms in 1976. The U.S. farm population dropped 6.9 percent from 1975, continuing a long-term downtrend.

A report from ERS, prepared cooperatively with the Census Bureau, shows that 611,000 fewer people lived on farms in 1976 than in 1975. However, the report cautions that 1976 figures are based on a new way of processing survey responses, and that about 100,000 of the decline may be due to the new procedures.

The U.S. farm population dropped 15 percent, or 1.5 million people between 1970 and 1976, the report shows. The annual decline for this period averaged 2.7 percent.

Blacks left U.S. farms at a faster rate than whites. In 1970, about 900,000 Blacks lived on U.S. farms, but by 1976 there were only about a half million Black farm residents. In this period, the average annual decrease in the Black farm population was 9.2 percent, compared with a decline of 2.2 percent per year for whites.

WHAT AMERICANS DRINK

The beverages that Americans drink are many and varied. Besides water, the principal nonalcoholic beverages are milk, soft drinks, coffee, tea, cocoa, and fruit and vegetable juices and drinks. Consumption per person of all of these increased one-fourth in the past 20 years, but milk and coffee dropped 12-15 percent, while soft drinks more than doubled, tea and cocoa combined rose 35 percent, and fruit and vegetable juices and drinks went up nearly 80 percent. Most of the change in coffee and juice consumption occurred in the last 10 years. Soft drinks jumped in the early 60's and have been rising rapidly since.

Consumption per person of alcoholic beverages rose more than nonalcoholic beverages in the past 20 years. Beer is up nearly two-fifths, while wine, whiskey, gin, and rum are up about 90

Product	Per capita consumption[1]		Per capita expenditures[1] [2]		
	1965	1975	1955	1965	1975
	Index, 1955=100		*Dollars*		
Milk	95	88	29	31	48
Soft drinks	164	236	8	19	59
Coffee	100	85	12	10	14
Tea and cocoa	117	135	2	2	4
Fruit and vegetable Jices and drinks	110	178	4	6	13
All nonalcoholic beverages	111	125	55	69	138
Beer	103	137	31	35	69
Wine	111	192	6	7	19
Whiskey, gin, rum	130	187	24	34	58
All alcoholic beverages	114	161	61	76	147
All beverages	113	144	116	145	284

[1] Alcoholic beverages for year ending June 30 of year shown.
[2] Per capita expenditures at retail store prices. May not add due to rounding.

percent. The increase for beer and wine has been mostly in the past decade but hard liquor has been rising for 20 years.

Expenditures per person (at retail store prices) for nonalcoholic beverages increased from $55 in 1955 to $138 in 1975. Soft drinks now account for the biggest share in nonalcoholic beverage expenditures but they were less than a third of milk 20 years ago. Expenditures for alcoholic beverages have been a little larger than for nonalcoholic beverages throughout the past two decades. (*Alden C. Manchester*)

CONSUMER LEGISLATION

Each consumer should have some understanding of the Federal legislative process. A proposal cannot become a law without consideration and approval by both Houses of the Congress (House of Representatives and the Senate).

The large majority of laws originate in the House of Representatives in the form of a bill which may be introduced by any member at any time while the House is actually sitting. It is simply placed in the "hopper" provided for the purpose at the side of the Clerk's desk in the House Chamber. Permission to introduce the measure or to make any statements at the time of introduction is not required. The procedure is somewhat more formal in the Senate. At the time reserved for the purpose, the Senator rises and states that he offers a bill for introduction and sends it by page to the Secretary's desk. If there is no objection, the bill is read only by title for the first and second reading. The bill, in either House, is assigned its legislative number and referred to the appropriate committee by the Speaker with the assistance of the Parliamentarian. Most of the committees have two or more subcommittees that specialize in consideration of particular types of bills. The bill is printed in the Congressional Record on the day it is introduced. In many instances there are public hearings set up so that interested persons may appear and testify in favor of or against the bill.

The following bills relate specifically to agriculture and food:

Bill No.	Sponsor	Objective	Identical or Similiar Bills
Labeling			
HR 42	Rosenthal	To amend the Food, Drug and Cosmetic Act and the Fair Packaging and Labeling Act to require the labels on food and food products to disclose all of their ingredients, their nutritional content, open dating of perishable foods, accurate weight data, storage information, their manufacturers, packers, and distributors, and their unit prices; and to provide for uniform product grading and prohibit misleading brand names.	HR 327 HR 2180 HR 3771 HR 4642
HR 893	Flynt	To make more uniform with the general requirements of the Federal Food, Drug, and Cosmetic Act certain provisions relating to the labeling and notification of colored margarine and colored oleomargarine; and to provide for uniform standards and specifications for colored margarine and colored oleomargarine.	
HR 3290	Santini	To amend the Federal Food, Drug, and Cosmetic Act to require the label on certain food products to disclose the total sugar content.	HR 3291

S 1073	Hansen	To amend the Federal Meat Inspection Act to require that imported meat and meat food products made in whole or part of imported meat be labeled "imported" at all stages of distribution until delivery to the ultimate consumer.	HR 1349 HR 2010 HR 3130 HR 4113 HR 4230 HR 4925 HR 5276 S 297
Food Safety			
HR 329	Delaney	To amend the Federal Food, Drug, and Cosmetic Act to ban the usage of diethylstilbestrol (DES) as a growth stimulant in any animal intended for use as food until evidence proves such drug is safe for human consumption.	
HR 1349	Taylor	To provide for the inspection of imported dairy products, to require that imported dairy products comply with certain minimum standards of sanitation; and to require that imported dairy and meat products be labeled imported.	HR 2010 HR 3130 HR 4113 HR 4230 HR 4925 HR 5276 S 297
HR 2521	Sebelius	To extend the coverage of the Poultry Products Inspection Act to provide for the mandatory inspection of domesticated rabbits slaughtered for human food.	S 496
HR 3556	Brodhead	To provide that any food which contains more than .02 parts per million of polybrominated biphenyl shall be deemed to be adulterated for purposes of the Federal Food, Drug, and Cosmetic Act.	HR 4168
HR 4977	Rudd	To amend the Federal Food, Drug, and Cosmetic Act with respect to the safety of food additives.	HR 5246 HR 5482 HR 5508
HR 4994	Whitehurst	To give the Food and Drug Administration discretion in the control of food additives.	HR 5227 HR 5280 HR 5518 HR 6452
HR 5138	Krueger	To amend the Federal Food, Drug, and Cosmetic Act to provide the Secretary of Health, Education and Welfare with greater latitude in regulating food additives found to induce cancer in man or animal.	HR 5348 HR 5361 HR 6039

HR 5197	Lloyd of Tenn	To amend the Federal Food, Drug, and Cosmetic Act to revise the standard for regulating food additives found to induce cancer in man or animal.	HR 5691 HR 5777
HR 5156	Jones of Okla	To amend the Federal Food, Drug, and Cosmetic Act to require appropriate tests before a food additive may be banned as inducing cancer in man or animal and to permit marketing of such an additive with appropriate warning label.	HR 5225 HR 5480 HR 5653 HR 5775 HR 5875 HR 5867
HR 5140	Martin	To amend the Federal Food, Drug, and Cosmetic Act to provide for the evaluation of the risks and benefits of food additives and to permit the continued use of saccharin until an evaluation is completed.	HR 5345 HR 5591 HR 5687 HR 5737 HR 5954 HR 6318 S 1046
HR 4993	Vander Jagt	To direct the Food and Drug Administration to withhold its announced prohibition of the use of saccharin in foods and beverages pending further study by the National Academy of Sciences.	HR 5237

Aid to Farmers and Consumers

HR 4633	Nolan	To provide emergency price and income protection for farmers for the 1977 crop, to assure consumers an abundance of food and fiber at reasonable prices.	HR 6036 HR 5719 HR 5758 S 275 S 746 S 1233
HR 4850	Sebelius	To provide for a free market and food protection by providing economic safeguards to American farmers when the movement of certain agricultural commodities in export markets are affected by Federal government interference.	HR 3715
S 1223	McGovern	To establish a National Commission on Food Production, Processing, Marketing and Pricing to study the food industry from the producer to the consumer.	
HR 3457	Whitten	To protect the national security and economic well-being (including the Nation's present supplies and undeveloped sources of food and fiber) from damage due to arbitrary or unsound regulations, orders, or decisions issued by executive Departments, Agencies and Commissions.	HR 3554

HR 6198	Jones of Tenn	To provide a voluntary self-help program designed to assist producers of agricultural products against loss of cost of production when natural or uncontrollable conditions adversely affect the production. To assure consumers that producers will be able to continue to produce food and fiber.	
HR 6014	Beard of RI	To establish an emergency human nutrition food reserve which shall be available to help meet emergency food conditions in the United States or any foreign country which suffer a severe loss of its food supply as a result of a national disaster.	S 1219

Research and Technology

H Res 51	Murphy of NY	A resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investment in agricultural research and technology for the express purpose of increasing food production.	
HR 505	Lloyd of Tenn	To prevent famine and establish freedom from hunger by increasing world food production through the development of land-grant type universities in agriculturally developing nations. To cooperate in agricultural research to promote efficiency in the production of food.	
S 275	Talmadge	Special measures to improve food and agricultural research. Establish within the Executive Branch the Federal Food and Agricultural Research Policy Council. To establish within the Department of Agriculture the Federal Food and Agricultural Research Operations and Advisory Commission, The Users Advisory Board for Food and Agricultural Research, The Office of Research and Competitive Grants. To establish an Animal Health Science Research Advisory Board to recommend priorities for the conduct of animal health research programs. To establish in the U.S. Treasury a "Department of Agriculture Contingency Research Fund."	

Food Stamp Program

HR 81	Wylie	To reform the Food Stamp Act by improving provisions relating to eligibility, simplifying administration and tightening accountability.	HR 317 HR 615 HR 621 HR 787 HR 3891 HR 5887 HR 6052
HR 387	Holt	To amend the Food Stamp Act to prohibit any individual from receiving food stamps who receives at least one-half of his income from any other individual who is a member of another household which is ineligible for food stamps.	HR 496 HR 2570 HR 2602 HR 5491

HR 622	Robinson	To amend the Food Stamp Act to exclude from coverage households which have members on strike.	HR 3147 HR 3148 HR 3740 HR 4926 HR 5281 S 567
HR 969	Morehead of Cal	To transfer jurisdiction over the Food Stamp Program to the Secretary of Health, Education and Welfare.	
HR 1359	Walker	To improve the level of nutrition of people who participate in the food stamp program.	HR 2649 HR 6332 HR 6333 HR 6499 S 178 S 1119 S 1295
HR 6096	Sebelius	To permit the States to consolidate and reorganize certain food programs administered by the Department of Agriculture for the benefit of needy persons.	S 1094

Food for Older Americans

HR 801	Carney	To establish a food program for older Americans.	HR 1525 HR 1591 HR 2110 HR 2128 HR 2177 HR 4091 HR 4697 HR 4768 HR 4986

Nutrition Information and Education for Children

HR 4753	Perkins	To authorize the Secretary of Agriculture to carry out a program of nutrition information and education as part of food service programs for children conducted under the School Lunch and Child Nutrition Acts.	S 720

Congressman Brooks introduced HR 6113 to establish an Agency for Consumer Protection in order to secure within the Federal Government effective protection and representation of the interest of consumers.

For several years there has been consideration of ways to create a voice in government to speak up for consumers. On April 6, 1977 a message was presented to the Senate from President Carter recommending measures which will help this movement:

1. Creation of an Agency for Consumer Advocacy. Its purpose will be to plead the consumers' case within the government.
2. The Administrator of the Agency will be appointed by the President.

3. The Agency should be empowered to intervene or participate in proceedings before federal agencies to assure adequate representation of consumer interests and in Judicial proceeding involving Agency action.
4. The Agency should have its own information-gathering authority, including, under appropriate safeguards, access to information held by other government agencies and private concerns.
5. Legislation to help consumer groups represent themselves in agency and judicial proceedings.
6. Legislation which will give citizens broader standing to initiate suits against the government in appropriate cases.
7. Enable consumers to sue as a class to enforce their rights.

Food Stamp legislation was proposed by the Administration which would eliminate the purchase requirement for food stamps—in other words, participants would receive food stamps only for the amount now contributed by the Federal government. Other Administration proposals would tighten up eligibility standards and simplify administration, including substituting a standard income deduction for the specific individual deductions under the existing program. The Senate Committee has reported a bill along the lines of the Administration proposal, except for the addition of a deduction for higher housing and fuel costs in the North. The House Committee has not yet reported a Food Stamp bill as of this writing. (Evelyn Kaitz)

USDA ACTIONS

Consumers Warned of Potentially Dangerous Imported Liver Products

Consumers have been warned that all imported canned liver pate (paste) products bearing establishment numbers "2401-C" and "2401-D" should be considered dangerous and not eaten.

Officials of the U.S. Department of Agriculture said establishment numbers are printed on product labels and also embossed on the cans. In addition, the words "Product of France" are printed on the labels.

The canned products may pose a public health hazard due to potential growth of the bacteria that causes botulism, and USDA is contacting product distributors to get the cans off retail shelves. Consumers who have already bought such products are advised to return them to the store where purchased.

The gourmet-type canned items are marketed under such labels as "Oven-Baked Pate," "Bloc de Foie Gras Truffle," and "Pate Maison with 1 Percent Truffles." They come in can sizes from 1-1/3 ounce to 2 lb. 3 ounces and are sold by department stores, delicatessens, gourmet and other specialty food shops, as well as in neighborhood supermarkets.

USDA Issues Beef Research and Information Order

USDA has announced a decision to issue an order authorizing a nationally coordinated research and information program for beef and proposed rules for conducting a referendum on a Beef Research and Information Order.

The order would authorize a beef research and information program administered by a board of not more than 68 beef producers selected by the Secretary of Agriculture from nominations submitted by producer organizations. Each State or geographic area would have representation on the board proportional to its cattle production.

The beef board could initiate a broad spectrum of projects to improve beef production, distribution, and marketing and to insure that an adequate, steady supply of beef is available to consumers. Such a program could include consumer education and information research on a wide variety of subjects such as health and nutrition, new product development, and improving production efficiency.

During the first 3 years of operation, the beef board could collect assessments of up to three-tenths of 1 percent of the value of all cattle sold. After that, under the Beef Research and Information Act, the rate of assessment could be changed but could not exceed five-tenths of 1 percent. Producers not wishing to participate in the program could have their assessment refunded.

Under the Act, before an order could go into effect, eligible producers must vote on it in a nationwide referendum conducted by USDA's Agricultural Stabilization and Conservation Service. Producers must register to vote in a referendum. For approval of an order, at least 50 percent of those registered must vote, and two-thirds of them must favor the order.

Second Estimate of 1977 Meat Imports Unchanged

USDA has estimated that 1977 imports of meat subject to the Meat Import Law will be below the level requiring quota imposition. This second quarterly estimate is the same as that made on December 22, 1976.

If yearly imports of certain meats—primarily frozen beef—are estimated to equal or exceed 110 percent of an adjusted base quantity, quotas are to be imposed on the imports of these meats. The adjusted base quantity for 1977 is 1,165.4 million pounds. The amount of estimated imports which would trigger imposition of quotas in 1977 is 1,281.9 million pounds.

The estimate takes into account voluntary restraint agreements with supplying countries negotiated by the State Department, without which today's estimate would have exceeded the trigger level for imposition of import quotas.

USDA Asks for Opinions on Use of Metrics for Meat and Poultry Labeling

Consumers are being asked by USDA if they would like to see metric units of measurement used on meat and poultry product labels—and, if so, how.

The Metric Conversion Act of 1975 encourages the gradual, voluntary adoption of the metric system by government, industry, and consumers alike, but this requirement must be balanced with the need for keeping labeling information in terms the consumers can easily understand.

Use of metric units on meat and poultry labels seems to be a natural step in the Nation's gradual conversion of metrics. USDA has the authority to require use of the metric system on labels if determined necessary to inform consumers on the weights of products.

Some meat and poultry product labels already contain dual weight declarations, with English weights followed by the metric equivalent in parentheses. Any such use of metrics, however, is strictly voluntary on the part of the manufacturer.

Any person wanting to submit written data or comments may file in duplicate with the Hearing Clerk, USDA, Washington, D.C. These comments will be available for public inspection during regular business hours in room 112-A, USDA Administration Building.

Persons wishing to submit material that may be deemed confidential may file with the Inspection Standards and Regulations Staff, Technical Services, MPI-FSQS, USDA, Washington, D.C. 20250.

USDA Proposes Revision of Canned Clingstone Peach Grade Standards

USDA has proposed a revision of its canned clingstone peach grade standards to update grading procedures and to eliminate alternate grade names for canned clingstone peaches. Use of grades would remain voluntary.

The proposed new grading procedure, based on a statistically determined attributes standard, was suggested by the Canners League of California. The attributes concept calls for classifying quality defects according to severity, using the categories of minor, major, severe, and critical. The number of defects in individual samples may not exceed specified limits, in each of these categories, for each grade. The attributes concept would replace the current system of numerically scoring quality factors on a 100-point scale.

USDA would retain the three grades, U.S. Grade A, U.S. Grade B, and U.S. Grade C, for canned clingstone peaches. However, the descriptive terms Fancy, Choice, and Standard would be dropped as alternate quality grade terms, in line with the policy to standardize grade terminology for all canned and frozen fruits and vegetables.

Minimum size requirements for peach halves and quarters would be eliminated, since size does not affect eating quality. In addition, maximum size variation requirements for Grade C whole peaches, halves, and quarters would be dropped from the standards. Size variation requirements would be retained for Grades A and B but they would be changed from a weight basis to a diameter basis.

Interested persons have until March 1, 1978 to comment on the proposal. Written comments should be sent in duplicate to the Hearing Clerk, Room 1077-S, USDA, Washington, D.C. 20250, where they will be available for public inspection.

USDA Offers Second Proposal on Maple Sirup Grade Standards

USDA has proposed to revise U.S. grade standards for table maple sirup and to eliminate grade standards for maple sirup for reprocessing. USDA invites comments on the proposal until April 1, 1978.

In an earlier proposal, USDA had proposed to combine the two sets of grade standards. However, comments received on the first proposal indicated that there is no need for U.S. grade standards for sirup intended for further processing.

Under this proposal, USDA would retain only two grades, U.S. Grade A and U.S. Grade B, for maple sirup. The 1975 proposal provided for U.S. Grades A, B, C, and D to cover the range of quality, including color of the sirup. Maple sirup packers said current sales indicate that consumers prefer sirup in colors ranging from light to dark amber. The present proposal would provide for a U.S. Grade A product in a choice of light, medium, or dark amber. U.S. Grade B would include sirups darker than dark amber. USDA uses color guides to evaluate the shades of sirup.

To qualify as U.S. Grade A, the sirup would also be required to have a good characteristic maple flavor and be practically free from off flavors and odors as well as from any defects that affect edibility or shipping quality. U.S. Grade B sirup would have similar requirements to Grade A but less strict.

The descriptive terms Grade AA and Fancy would be dropped from the standards, in line with the policy to standardize grade terminology.

Written comments on the proposal should be sent in duplicate to the Hearing Clerk, Room 1077-S, USDA, Washington, D.C. 20250, where they will be available for public inspection.

USDA/FDA Agreement

The Food and Drug Administration and the Agricultural Marketing Service, April 13, 1977 issued a Memorandum of Agreement which sets forth cooperative working arrangements to be followed or adopted in the inspection and grading of food products.

The Memorandum states: (1) Both agencies will maintain close working relations with each other,

(2) Proposed regulations by either agency establishing or amending any food products standard will be referred to the other agency for review, (3) Both agencies will cooperate jointly and with industry in the improvement of sanitation or food handling practices in processing plants, (4) Both agencies will work with industry toward greater efficiency in connection with improvement in the coding methods, and (5) Both agencies will cooperate in the handling of those cases of misbranding which also comes under the Provisions of the Perishable Agricultural Commodities Act of 1930.

FOOD PROGRAMS

Food Stamp Allotments, Eligibility Levels Increase

Food stamp allotments and income eligibility levels, reflecting an August-to-February rise in food costs for low-income families, will increase for most households on July 1.

In the Continental States and District of Columbia, monthly food stamp allotments for all household sizes, except one-person households, will increase by at least $2. The monthly stamp allotment for a family of four will rise from $166 to $170. Food stamp allotments are based on USDA's Thrifty Food Plan, which computes the cost of a nutritionally adequate diet for low-income households.

Since income eligibility levels are tied to the size of food stamp allotments, these levels also will increase in most cases. The net income limit for a family of four will increase from $553 to $567 per month.

However, income standards for one and two-person households will not change. These income standards ($245 and $322 per month, respectively) will remain at USDA's poverty guidelines. Food stamp regulations require USDA to use either allotment-based calculations or the poverty guidelines, whichever are higher, in setting income eligility levels.

Monthly net income limits for the 48 States and District of Columbia, effective July 1, are:

One-person household	$245
Two-person households	$322
Three-person households	$447
Four-person households	$567
Five-person households	$673
Six-person households	$807
Seven-person households	$893
Eight-person households	$1,020
For each additional household member over eight, add	$127

USDA Withdraws Proposal to Use Formulated Fortified Milk-Based Products

USDA has withdrawn its proposal to use "formulated fortified milk-based products" as a supplemental food in the Summer Food program. Many of the comments received from the public on the proposed use of formulated fortified milk-based products were negative and inconclusive as to the benefits to be derived from the product.

USDA said that a properly balanced diet of conventional food is the preferred source of adequate nutrition, and any alternate food—such as a formulated fortified milk-based product—must be clearly advantageous to the program using it. The level of nutrition provided by the proposed alternate food is satisfactory but conventional foods provide a comparable or higher level of nutrition when food service personnel use sound menu planning. The small level of convenience afforded by the service of the one-component alternate food, when compared with the service of two component snacks using conventional foods is not sufficient reason to justify use of the formulated fortified milk-based products.

New Food Stamp Regulations to Strengthen USDA Compliance Monitoring

USDA has announced new food stamp regulations to strengthen the Department's system for monitoring grocery stores accepting food stamps. Under the new regulations, food retailers, wholesale grocers and other food concerns who accept food stamps must provide USDA with annual updates of food sales information.

Firms will provide this information by updating their original applications for food stamp authorization. Failure to provide data on food sales could result in withdrawal of firm's authorization to accept food stamps.

Another provision of the new regulations prohibits expiration dates on food stamp credit slips. Credit slips are issued when change of less than a dollar is due in a food stamp transaction.

The new regulations also:

—Tighten safeguards against redemptions of illegally-obtained food stamps through food wholesalers.

—Emphasize that FNS is not liable for claims from retailers, wholesalers or meal services for lost or stolen food stamps.

—Allow firms charged with violations of program regulations more time to answer the charges. Firms now have 10 days after receiving a letter of charges to respond. Previously, firms had to reply within 10 days of the letter's mailing date.

Reallocation of WIC Program Funds

USDA is redistributing $29 million in unspent money available for the Women, Infants, and Children (WIC) program to 25 States operating their WIC programs at or near their authorized capacity.

The WIC program, operated by local health or welfare agencies, provides special supplemental foods to pregnant, postpartum and nursing women, and to infants and children up to 5 years old. To be eligible, participants must be "at nutritional risk" because of inadequate nutrition and income.

The $29 million currently being redistributed is the second in a series of quarterly reallocations. The amount represents WIC money available for use, but not spent, during the first quarter of fiscal year 1977 (October-December 1976), plus money recovered through closeout adjustments. The 25 States sharing in the second reallocation reached an expenditure level of 70 percent or more of the money allocated to them for this period.

USDA Streamlines Process for Removing Ineligible Stores From Food Stamp Program

Food stores will now be removed from the Food Stamp Program without delay when a change in business operations makes them ineligible to accept food stamps.

Under a new Food Stamp Program rule, when a participating firm has changed the nature of its business and is no longer eligible to accept food stamps, FNS will immediately notify the firm that its food stamp authorization is being withdrawn.

FNS officials offered the example of a delicatessen that sells groceries and provides carry-out food service. If the delicatessen eliminates grocery sales and converts to a restaurant, it can no longer accept food stamps under USDA regulations. FNS field offices monitor participating food stores to make sure they comply with program rules.

USDA Ends Limits on Amounts of Flour Distributed for School Lunches

USDA has announced an end to a policy which has limited the amounts of federally procured flour donated to States for use in school lunch programs since 1974.

The change is being made to enable FNS to be more responsive to school preferences. This more flexible policy will permit school lunch programs to receive the additional amounts of flour they request.

Today's announcement means that schools may now order flour on the same basis as products of price-supported commodities—including dairy items, rice, peanuts and peanut oil. These foods may be ordered through State distributing agencies in quantities that schools can use without waste, within the total amount of commodity assistance the Department provides.

Civilian per capita consumption of major food commodities (retail weight) and civilian population, selected years[1]

Commodity	1960	1967	1974	1975	1976[5]	1976 as percentage of 1975
Meats:	134.2	145.1	152.2	145.2	154.6	106
Beef	64.3	78.8	86.4	88.9	95.4	107
Veal	5.2	3.2	1.9	3.5	3.4	97
Lamb and mutton	4.3	3.5	2.0	1.8	1.7	94
Pork (excluding lard)	60.4	59.6	61.9	51.0	54.1	106
Fish (edible weight)	10.3	10.6	12.2	12.2	12.9	106
Poultry products:						
Eggs	42.4	40.7	36.6	35.4	35.0	99
Chicken (ready-to-cook)	27.8	36.5	41.1	40.3	43.3	107
Turkey (ready-to-cook)	6.2	8.6	8.9	8.6	9.2	107
Dairy products:						
Cheese	8.3	10.1	14.6	14.5	15.9	110
Condensed and evaporated milk	13.7	9.0	5.6	5.3	4.9	92
Fluid milk and cream (prod. weight)	321.0	303.0	288.0	291.1	291.3	101
Ice cream (product weight)	18.3	17.8	17.5	18.6	17.8	96
Fats and oils-total, fat content	45.3	49.4	53.2	53.3	56.0	105
Butter (actual weight)	7.5	5.5	4.6	4.8	4.4	92
Margarine (actual weight)	9.4	10.5	11.3	11.2	12.5	112
Lard	7.6	5.4	3.2	3.0	2.8	93
Shortening	12.6	15.9	17.0	17.3	18.2	105
Other edible fats and oils	11.5	15.2	20.3	20.3	22.0	108
Fruits:						
Fresh:	89.6	79.1	76.1	83.7	84.1	100
Citrus	32.5	30.6	26.5	28.6	28.2	99
Noncitrus	57.1	48.5	49.7	55.1	55.9	101
Processed:						
Canned fruit	22.6	22.6	19.7	19.1	19.2	101
Canned juice	13.0	11.7	14.7	14.8	14.9	101
Frozen (including juices)	9.1	10.1	11.3	12.6	12.8	102
Chilled citrus juices	2.1	4.4	5.2	5.7	6.2	109
Dried	3.1	2.8	2.5	3.1	2.8	90
Vegetables:						
Fresh[2]	96.0	90.8	93.5	94.0	95.0	101
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	52.9	52.5	55.8	106
Frozen, excluding potatoes	7.0	9.0	10.2	10.3	10.0	97
Potatoes, (including fresh equivalent of processed)	104.0	104.3	110.7	120.2	115.0	96
Sweetpotatoes, (including fresh equivalent of processed)	6.5	5.3	5.2	5.5	5.5	100
Grains:						
Wheat flour[3]	118	112	106	107	111	104
Rice	6.1	7.5	7.6	7.7	7.2	94
Other:						
Coffee (green beans)	11.6	11.1	9.5	9.0	9.4	104
Tea	0.6	0.7	0.8	0.8	0.8	100
Cocoa	2.9	3.4	3.0	2.6	3.0	115
Peanuts (shelled)	4.9	5.7	6.4	6.6	6.3	95
Dry edible beans	7.3	6.9	6.7	6.2	6.1	98
Melons	23.2	20.3	17.2	17.5	18.6	106
Sugar (refined)	97.3	98.3	96.6	90.2	94.7	105
Civilian population[4]	178.1	195.3	209.7	211.4	213.0	101

[1] Quantity in pounds, retail weight unless otherwise shown. Data on calendar year basis except for dried fruits, fresh citrus fruits, peanuts, and rice which are on a crop-year basis. [2] Commercial production for sale as fresh produce. [3] White, whole wheat, and semolina flour including use in bakery products. [4] July 1 civilian population used to derive per capita figures except for sugar, dried fruits, peanuts, and rice. [5] Preliminary.

Market basket of farm foods[1]

Product group	Annual			1976[3]				1977[2]
	1974	1975	1976[2]	I	II	III	IV	I
	Dollars							
Retail cost								
Meat	532.67	582.68	583.96	601.85	588.46	590.74	553.46	558.03
Dairy	296.33	302.65	331.49	328.45	327.92	330.89	337.46	335.80
Poultry	68.32	75.42	72.51	74.93	73.73	73.83	67.68	71.08
Eggs	56.90	55.24	61.03	62.23	55.47	62.43	66.71	70.80
Bakery and cereal	277.30	304.29	299.32	300.13	299.84	298.66	299.18	300.30
Fresh fruits	73.15	74.82	75.51	66.87	74.06	80.23	79.33	80.36
Fresh vegetables	118.84	114.07	120.87	121.12	125.46	117.70	118.80	141.76
Proc. fruits and veg.	165.99	187.40	189.54	190.47	188.98	188.33	190.60	192.51
Fats and oils	75.74	81.39	69.52	71.79	68.38	67.67	70.30	71.31
Miscellaneous	84.32	98.12	91.69	92.01	92.42	91.81	91.39	91.50
Total	1,749.56	1,876.08	1,895.44	1,909.85	1,894.72	1,902.29	1,874.91	1,913.45
Farm value								
Meat	299.16	347.51	314.56	327.65	339.04	308.71	280.62	296.03
Dairy	145.81	149.50	169.93	171.78	167.10	172.35	168.83	166.06
Poultry	38.24	44.21	39.82	42.44	40.17	41.84	34.91	38.57
Eggs	38.65	36.46	42.08	42.15	36.51	43.30	46.52	47.49
Bakery and cereal:								
All ingredients	69.15	56.60	46.07	50.63	49.60	45.34	38.93	39.91
Grain	48.76	39.30	32.67	37.08	36.05	31.82	26.02	25.93
Fresh fruits	21.79	22.80	21.43	17.75	19.95	24.15	24.07	22.57
Fresh vegetables	39.79	39.58	40.22	42.20	39.64	36.84	41.13	55.76
Proc. fruits and veg.	36.37	40.04	38.84	39.18	37.74	38.48	37.61	36.43
Fats and oils	35.49	27.76	22.46	20.00	19.92	25.29	24.83	26.89
Miscellaneous	22.87	19.64	13.93	15.13	14.93	13.19	11.92	12.58
Total	747.32	784.10	749.34	768.91	764.60	749.49	709.37	742.29
Farm-retail spread								
Meat	233.51	235.17	269.40	274.20	249.42	282.03	272.84	262.00
Dairy	150.52	153.15	161.56	156.67	160.82	158.54	168.63	169.74
Poultry	30.08	31.21	32.69	32.49	33.56	31.99	32.77	32.51
Eggs	18.25	18.78	18.95	20.08	18.96	19.13	20.19	23.31
Bakery and cereal	208.15	247.69	253.25	249.50	250.24	253.32	260.25	260.39
Fresh fruits	51.36	52.02	54.08	49.12	54.11	56.08	55.26	57.79
Fresh vegetables	79.05	74.49	80.65	78.92	85.82	80.86	77.67	86.00
Proc. fruits and veg.	129.62	147.36	150.70	151.29	151.24	149.85	152.99	156.08
Fats and oils	40.25	53.63	47.06	51.79	48.46	42.38	45.47	44.42
Miscellaneous	61.45	78.48	77.76	76.88	77.49	78.62	79.47	78.92
Total	1,002.24	1,091.98	1,146.10	1,140.94	1,130.12	1,152.80	1,165.54	1,171.16
	Percent							
Farmer's share								
Meat	56	60	54	54	58	52	51	53
Dairy	49	49	51	52	51	52	50	49
Poultry	56	59	55	57	54	57	52	54
Eggs	68	66	69	68	66	69	70	67
Bakery and cereal:								
All ingredients	25	19	15	17	17	15	13	13
Grain	18	13	11	12	12	11	9	9
Fresh fruits	30	30	28	27	27	30	30	28
Fresh vegetables	33	34	33	35	32	31	34	39
Proc. fruits and veg.	22	21	20	21	20	20	20	19
Fats and oils	47	34	32	28	29	37	35	38
Miscellaneous	27	20	15	16	16	14	13	14
Average	43	42	40	40	40	39	38	39

[1] Annual rate. [2] Preliminary. [3] Revised.

Wholesale Price Index, U.S. average (not seasonally adjusted)

Commodity group	Annual			1976			1977			
	1974	1975	1976*	Apr*	Nov*	Dec*	Jan.	Feb.	Mar.	Apr.
	1967=100									
All commodities	160.1	174.9	182.9	181.3	185.6	187.1	188.0	190.0	191.9	194.3
Industrial commodities	153.8	171.5	182.3	180.1	187.0	187.4	188.4	189.9	191.6	193.2
All foods[1]	174.4	186.0	178.9	181.5	174.1	178.5	179.2	183.0	184.8	187.0
Farm products and processed foods and feeds	177.4	184.2	183.1	183.7	178.4	183.9	184.8	188.4	190.9	195.9
Farm products	187.7	186.7	191.1	192.9	183.6	191.6	193.5	199.0	202.4	208.1
Fruits and vegetables[2]	192.3	183.7	178.6	195.2	166.5	174.4	198.4	212.6	219.1	205.6
Grains	257.9	223.9	205.9	209.0	175.4	180.6	184.9	185.8	183.4	184.4
Livestock	170.6	187.8	173.3	192.3	154.4	166.1	166.0	166.2	163.5	167.9
Poultry, live	157.4	189.8	166.9	165.4	139.1	145.7	153.7	183.7	177.2	182.3
Fibers, plant and animal	193.9	153.1	223.9	187.5	257.9	239.5	216.5	240.1	252.4	249.5
Milk	172.8	180.2	201.7	197.0	204.4	202.8	200.2	198.4	195.2	197.7
Eggs	160.6	159.8	179.0	162.6	192.8	213.6	189.2	194.8	173.5	165.2
Oilseeds	232.2	198.5	204.2	172.6	225.5	238.2	241.2	244.1	272.5	330.8
Processed foods and feeds	170.9	182.6	178.0	178.0	174.8	179.0	179.3	181.9	183.9	188.5
Meats	159.6	188.7	173.6	183.5	159.0	167.9	153.3	163.4	160.5	159.6
Beef and veal	158.6	176.3	156.0	171.5	151.8	156.1	146.4	149.1	147.1	151.7
Pork	162.3	214.7	201.4	203.3	170.4	190.5	186.3	183.6	178.7	167.7
Poultry	157.3	184.1	166.2	163.8	144.9	149.6	154.8	179.2	174.7	179.9
Fish	204.6	218.7	272.4	271.3	283.1	292.1	305.4	300.2	296.8	306.0
Dairy	146.4	155.8	168.4	167.8	168.1	167.3	166.8	166.9	168.1	173.6
Processed fruits and vegetables	154.6	169.8	170.4	166.9	175.9	175.8	175.4	182.9	184.2	185.6
Cereal and bakery products	171.2	178.0	172.1	172.6	168.7	168.6	168.4	169.9	171.5	171.6
Sugar and confectionery	258.9	254.3	190.9	202.5	171.4	170.5	171.9	177.6	180.2	186.4
Beverages	140.7	162.4	173.4	169.2	178.8	183.8	184.1	189.3	199.5	202.0
Vegetable oil end products	224.8	211.5	174.2	168.8	180.6	178.3	177.9	182.7	187.8	206.3
Textile products and apparel	139.1	137.9	148.0	147.3	149.8	149.5	150.3	151.1	152.1	153.7
Apparel	129.5	133.4	139.9	138.1	142.8	142.9	144.8	145.6	146.0	146.4
Hides, leather, and related products	145.1	148.5	167.4	166.1	169.7	171.5	174.5	176.7	177.6	180.1
Footwear	140.0	147.8	158.4	156.3	163.0	163.9	164.5	165.9	166.7	167.7
Lumber and wood products	183.6	176.8	205.5	203.3	214.3	219.9	222.7	224.2	228.7	229.6
Tobacco products	132.8	149.6	163.0	162.1	172.2	172.3	174.7	174.8	174.8	175.1

[1] Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from farm products group.

[2] Fresh and dried. *Data have been revised for January-October 1976. Annual 1976 and possibly November and December 1976 will be revised next month.

Personal consumption expenditures: Major items

	1975	1976	1975				1976				1977
			I	II	III	IV	I	II	III	IV	I
	Current dollars (billions)										
Food excluding alcoholic beverages	184.8	198.7	179.1	183.2	186.9	190.1	194.0	197.3	199.3	204.1	208.8
For use at home	141.0	150.6	137.0	139.6	143.2	144.1	147.0	149.3	150.8	154.8	157.7
Food away from home	43.8	48.2	42.1	43.6	43.7	46.0	47.0	48.0	48.5	49.2	51.1
Nondurables, excluding food	210.3	241.8	215.3	222.6	227.7	231.5	235.1	237.5	242.5	251.9	255.8
Clothing and shoes	70.0	75.4	66.6	69.3	71.3	73.0	73.5	73.2	75.9	79.0	78.7
Gas and oil	38.9	41.5	37.9	38.6	39.2	39.9	40.1	40.3	41.6	44.1	44.2
Fuel oil and coal	10.1	11.8	9.5	9.9	10.8	10.2	11.2	11.0	11.9	13.3	13.3
Alcoholic beverages	24.7	25.8	24.1	24.6	24.9	25.1	25.2	25.8	25.9	26.1	27.5
Other	80.6	87.2	77.3	80.2	81.6	83.3	85.0	87.2	87.2	89.4	91.9
Durables	131.7	156.5	122.1	127.0	136.0	141.8	151.3	155.0	157.6	162.0	174.0
Automobiles and parts	53.2	70.7	47.6	49.5	56.3	59.2	68.0	70.4	71.7	72.7	83.6
Furnitures and household equipment	57.6	63.0	54.6	57.0	58.2	60.6	61.2	62.3	62.9	65.6	66.6
Other	21.0	22.9	19.9	20.5	21.5	22.2	22.2	22.3	23.0	23.6	23.8
Services	432.4	482.8	416.7	427.4	436.7	448.6	463.2	474.8	489.1	504.0	520.4
Housing	150.2	165.8	145.0	148.4	151.8	155.8	159.7	163.9	167.8	171.8	176.6
Household operation	63.9	72.1	61.2	63.7	65.0	65.9	68.4	69.6	72.8	77.3	42.0
Transportation	34.0	37.5	33.3	33.6	34.1	35.0	36.5	37.0	37.8	38.6	39.8
Other	184.2	207.5	177.2	181.8	185.8	191.9	198.6	204.3	210.7	216.2	224.3
Total personal consumption expenditures	973.2	1,079.7	933.2	960.3	987.3	1,012.0	1,043.6	1,064.7	1,088.5	1,122.0	1,159.1
	Constant dollars (billions)										
Food, excluding alcoholic beverages	129.0	136.9	127.3	129.8	128.7	130.0	133.9	136.3	137.2	140.2	140.4
For use at home	95.9	102.8	94.8	96.6	96.0	96.0	99.9	102.1	103.2	105.9	105.5
Food away from home	33.1	34.1	32.5	33.2	32.7	34.0	34.0	34.2	34.0	34.3	34.9
Nondurables, excluding food	177.1	182.3	173.3	177.4	178.0	179.5	180.7	181.3	181.7	185.7	186.4
Durables	111.9	125.8	106.0	108.4	115.1	118.0	124.3	125.2	126.2	127.6	134.9
Services	352.4	368.6	348.0	351.8	353.4	356.4	361.8	365.8	370.6	376.2	382.1
Total personal consumption expenditures	770.3	813.7	754.6	767.5	775.3	783.9	800.7	808.6	815.7	829.7	843.8

SOURCE: U.S. Dept. of Commerce, Survey of Current Business. Totals may not add due to rounding.

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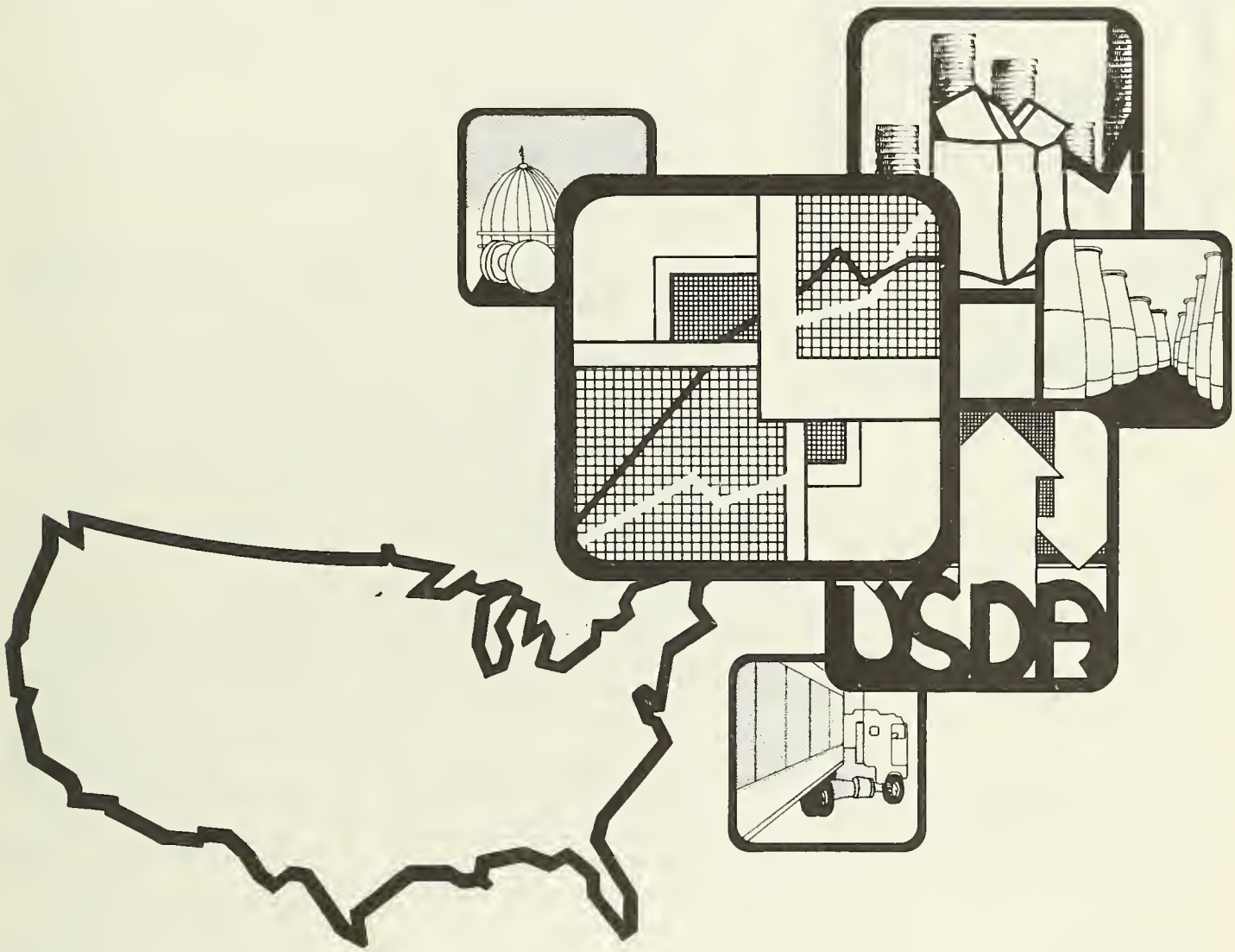

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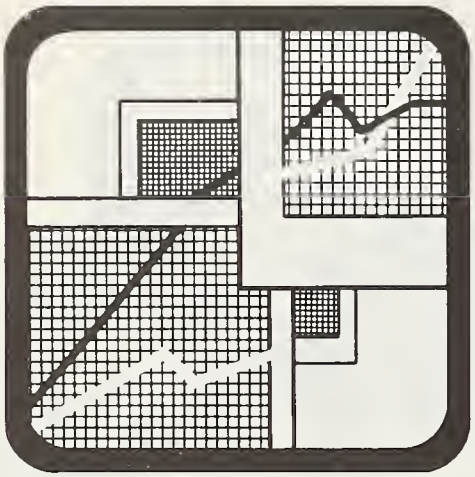

Any increase in food prices comes as bad news to consumers, although this year's rise—6 percent for grocery prices by current estimates— is a far cry from the surge of 1974 when prices advanced 14 percent.

More good news is that most of the price jump is behind us. The bountiful crops in store this year should keep the lid on prices for some months to come.

Looking back to the summer, it was red meats that ran up the grocery bill more than other commodities produced in the U.S. Fresh fruits also provided their share of the larger bill.

But by far, it was the soaring price of coffee and other imported foods (fish included) that has contributed to higher food costs this year—more than half percent of the estimated total increase. Rising costs of marketing will absorb the rest. Farmers, in the final accounting, are expected to get slightly less of the grocery tab than last year.

On page 5 begins a review of what's happened to retail food prices since the start of the year, and what you can look forward to in the next 3 months. Prospects for meat prices in the store are especially encouraging for holiday shoppers, but they shouldn't expect any major price cuts from last year due to inflation.

The *National Food Situation* is published in March, June, September, and December.

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The Department of Agriculture will hold its annual Food and Agricultural Outlook Conference, November 14-17, in Washington, D.C. The 1978 outlook for food and agriculture will be discussed in sessions dealing with retail food supplies and prices, the U.S. economy, world trade, weather, implications of new farm and food policy, and more. Sessions will also be held on how the outlook is derived and on natural resources and the environment. Family living sessions will be held on clothing, housing, health care, food consumption, and prospects for legislation.

A schedule of the conference is available from the U.S. Department of Agriculture, Room 0054, South Bldg., Washington, D.C. 20250.

National Food Situation

Editors:

A. C. Manchester
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L. W. Brown

Food Situation and Outlook 5 *Food Prices and Consumption.* Retail food prices will be leveling for the rest of the year, weather cooperating. Economists give the whys and wherefors, plus a roundup of what's ahead for nine commodity groups. *Retail Coffee Prices Headed Down.* July marked the end of a 2-year sprint in coffee prices and a sharp decline in coffee consumption, but retail coffee prices are apt to come down more slowly than they went up.

Marketing 18 *Grocery Retailing in Central Cities.* A special tabulation of the 1972 Census of Retail Trade shows that supermarkets are slowly abandoning the inner cities for the surburbs. The small stores left behind tend to have higher costs and prices. Ways are being sought to better meet the needs of inner city residents. *The Health Foods Market.* How big is the health foods industry? That depends on how you define "health foods," but most estimates are about 0.5 percent of all food.

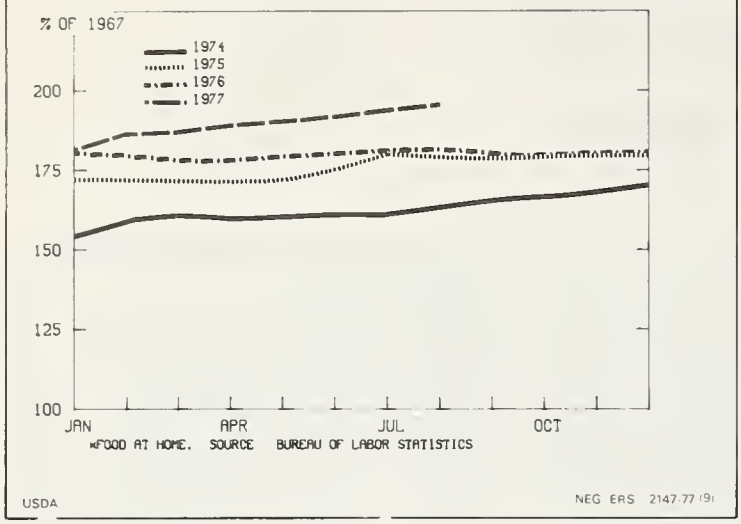
Consumer Research 21 *Fabricated Foods—The Consumer's View.* A nationwide survey reveals that three-fourths of homemakers have never tried foods made from textured vegetable protein. Prospects for expanding this market are not bright just now. *Where Are Food Stamps Used?* A record $8.5 billion was spent on food stamps last fiscal year. Independent stores and small chain stores redeemed a larger share of food stamps than of cash.

Perspectives 25 *Eating Out.* Although away-from-home eating is growing rapidly, it's not growing as fast as some figures would lead you to believe. *Why Are Americans Eating Less Lamb and Veal?* Only lamb and veal in the meat-poultry-fish column have registered declined in per capita consumption over the long pull, for reasons given in this analysis.

Consumer Legislation 30 The status of legislation in the current Congress. This month's feature describes how proposed legislation becomes law.

USDA Actions 32 Rulemaking and other actions by USDA affecting consumers, including terms used in beef grade standards, residue violations, and changes in meat and poultry inspection.

RETAIL FOOD PRICES*



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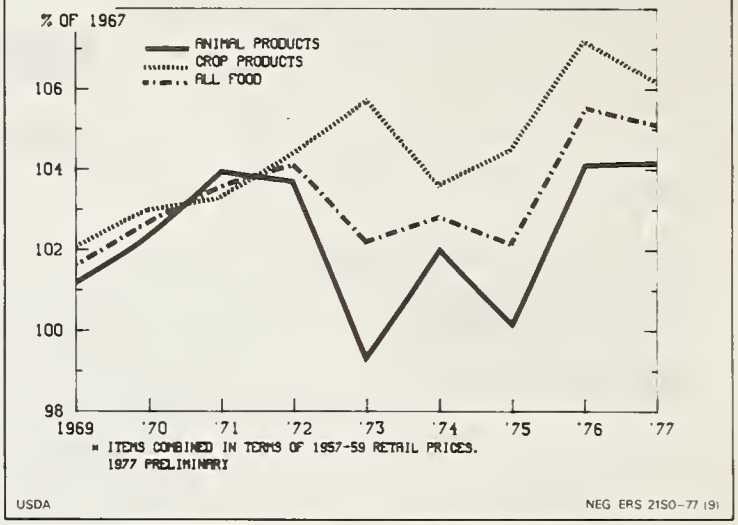
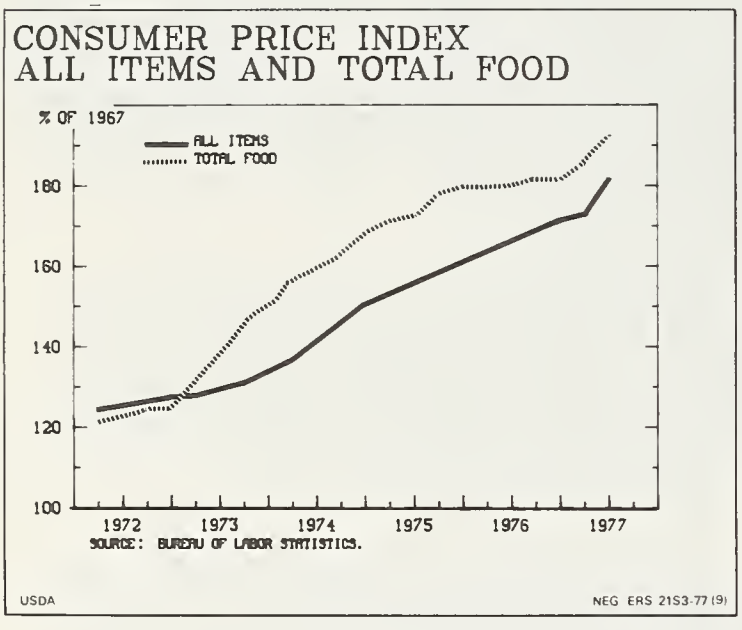


CONSUMER PRICE INDEX ALL ITEMS AND TOTAL FOOD



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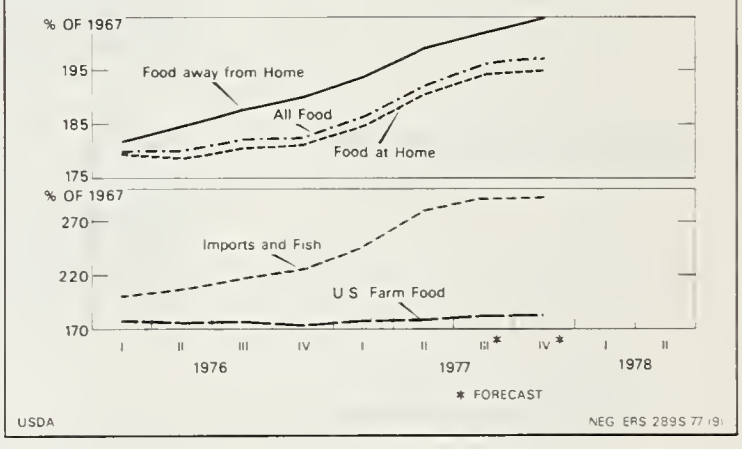
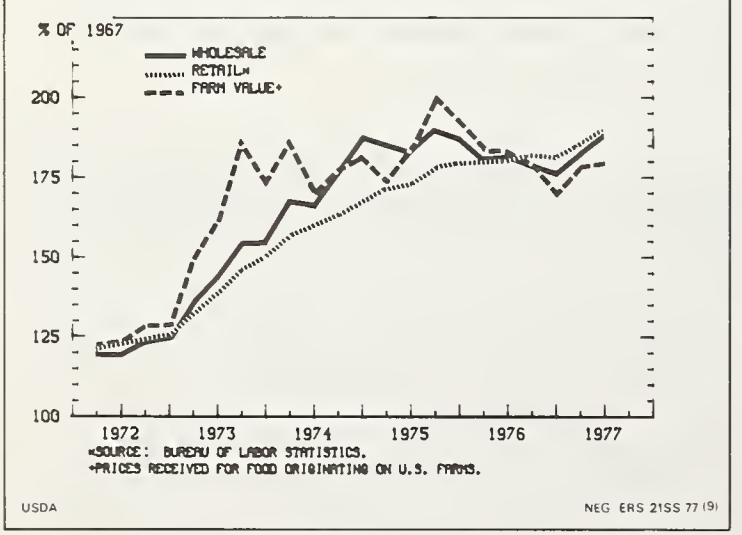
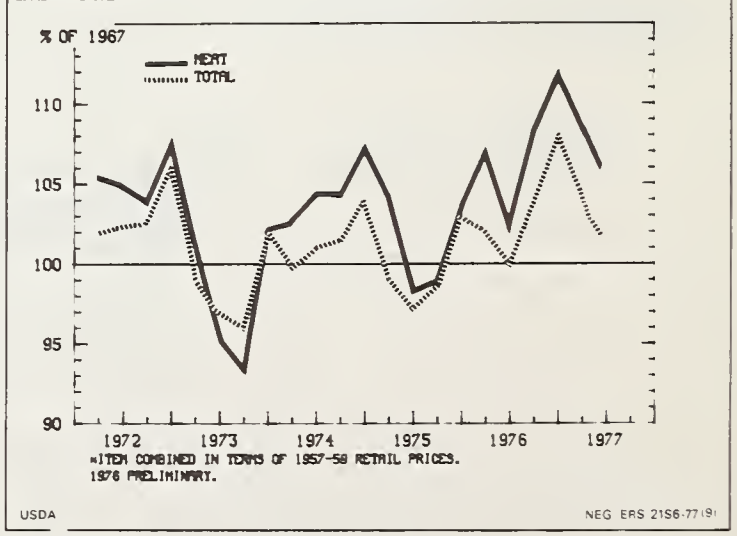
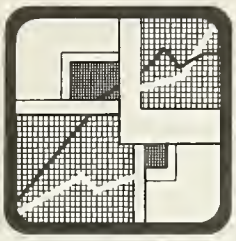


FOOD PRICES



PER CAPITA CONSUMPTION OF LIVESTOCK PRODUCTS*





Food Situation and Outlook

The Food Situation and Outlook section of this report was approved by the World Food and Agriculture Outlook and Situation Board September 8, 1977.

Food Prices and Consumption

Food shoppers can look forward to relatively stable prices during the remainder of 1977, in contrast to the sharp increases during the first 7 months of the year. After rising a little over 3 percent in each of the first 2 quarters, food prices in the third quarter likely will average about 2 percent above the second quarter and around 7 percent above a year earlier. Fourth quarter prices may show little change from the third quarter although the year-to-year difference could widen in light of the dip in food prices late last year.

For all of 1977, grocery store food prices still appear likely to average around 6 percent above 1976. The average increase for all food will be a little higher since away-from-home food prices may be up 7 or 8 percent for the year.

American consumers continued to pay more for food this summer. Much of the increase was associated with red meats as earlier sharp price increases for hogs and smaller advances for cattle surfaced at the retail level this summer. Price increases also are indicated for poultry, eggs, dairy products, and fish. Coffee prices, which had spearheaded the overall retail food price advance for the past year or more, finally peaked around midyear. Although some retail price declines are being registered, third-quarter coffee prices likely will average well above the second quarter and about double their year-earlier level. Fresh vegetable prices, which contributed heavily to average food price increases during the late winter, have dropped sharply in response to seasonally large supplies. However, fresh fruit prices have continued strong during the summer, mainly because of seasonally small supplies of apples and citrus. Prices for most processed fruits and vegetables are advancing moderately reflecting rising costs for producing, processing, and distributing these foods. Retail prices in the important cereal and bakery category are holding steady this summer as lower grain prices about offset higher marketing charges. However, further price increases are also indicated for vegetable oil products as higher soybean oil prices last spring continue to be passed through to the final products.

Prospects for large supplies of both crop and livestock food commodities in coming months indicate a much more stable food price picture this fall. Total red meat supplies will rise seasonally this fall but may not match their record high of a year earlier. With more poultry as well as ample supplies of dairy products, average retail prices for livestock products may be up only slightly from the summer, mainly reflecting increased consumer demand and widening marketing spreads.

Prices for crop-related foods are likely to decline slightly this fall if weather is generally favorable through the remaining growing-harvesting season and if coffee prices drift lower as expected. Normal seasonal price declines for potatoes and fresh fruits likely will offset further moderate increases for vegetable oil products, processed fruits and vegetables, and confectionery products.

Although fall food prices may not average any higher than this summer, they are expected to be around 8 percent above a year earlier. However, since food prices during the early months of 1977 exceeded their year-earlier level by a much smaller margin, grocery store food prices for the entire year still appear likely to average around 6 percent above 1976. Higher prices for coffee along with other imported foods and fish likely will account for over half of the annual increase. Consumer prices for a market basket of U.S.-produced farm foods are expected to average less than 3 percent higher than in 1976. With returns to farmers expected to average close to 1976 levels, practically all of the increase at retail for the market basket will result from higher marketing spreads. For the year, the farm-retail spread may average around 5 percent above the average for 1976.

Food Outlook Highlights

Meat: Retail prices at the meat counter are expected to hold relatively steady on balance through fall with small increases for beef about offsetting declines for pork...Per capita pork supplies will be seasonally larger this fall but probably will be slightly below a year earlier...Retail pork prices likely will decline from their summer peak but are not likely to break as sharply as last fall...Per capita beef supplies are expected to be little changed from either their summer or year-carlier levels...

Fish: Retail prices at fish counters likely will continue to rise... Current supplies appear to be adequate, but there is still a possibility of some shortages near the end of the year... Demand remains strong, particularly in the institutional market...For the year, fish prices may average 10 percent above last year, considerably above price increases for most other foods.

Livestock products: Per capita consumption indexes, quarterly
1967=100

	1975				1976				1977	
	I	II	III	IV	I	II	III	IV	I	II
Meat	104.0	98.0	98.9	103.4	107.0	102.0	108.1	111.08	108.4	105.4
Poultry	92.6	103.4	109.4	127.4	103.1	110.4	117.3	133.6	104.1	113.8
Eggs	87.5	85.5	86.5	88.5	86.5	85.5	85.5	86.5	83.5	83.5
Dairy products										
Excluding butter	98.1	99.6	101.7	100.8	101.0	101.2	102.0	100.8	100.1	100.9
Including butter	97.8	98.7	100.2	99.9	99.6	99.8	100.5	99.8	98.8	99.0
Animal fats including butter	80.2	70.0	69.0	75.4	72.6	64.5	63.2	73.5	72.6	61.4
Total livestock product[3]	99.1	97.2	98.9	103.1	102.2	100.3	104.1	107.6	102.5	101.9

[1] Civilian consumption only. Quantities of individual foods measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. [2] Preliminary. [3] Excludes fish and honey.

Poultry: Broiler prices moved above a year ago in the spring...Prices will decline seasonally this fall...But retail prices for whole, ready-to-cook frying chicken this fall may remain slightly above the 55 cents a pound for October-December 1976...Per capita consumption of chicken meat this year will likely exceed 1976's record of 43.3 pounds by around a pound.

Turkey output during October-November this year may about match last year's level...Per capita consumption may show a slight loss in 1977 from the record 9.2 pounds per person in 1976...Retail prices for 8-16 pound frozen turkeys during the holiday season likely will average somewhat above last year.

Eggs: Egg production fell this summer as a result of the unusually hot weather but is picking up as the weather moderates...Egg prices will rise seasonally in coming months but may average 4 or 5 percent below last year this fall...Egg consumption will continue downward in 1977 and, for the year, may be down around 2 percent from 1976.

Dairy: Milk Production in June-July was the largest since 1965 and was up 2½ percent from a year earlier ...Retail prices for dairy products will rise seasonally this fall although sharp rises are not likely...For all of 1977, consumers will pay 3 to 4 percent higher prices than in 1976, although the year-to-year increase at the end of the year probably will be somewhat higher...Farm milk prices will be held up by the support price and feed prices will be quite moderate...The resulting milk-feed price relationships would be very favorable and output per cow probably will continue to show strong gains.

Fruits and Vegetables: In the produce section, retail potato prices have already dropped sharply from their midyear peak as hot weather speeded harvest progress...With a large fall-crop harvest in prospect, potato prices likely will continue to decline unless adverse weather conditions are encountered prior to harvest...However, prospective supplies of sweetpotatoes are down 12 percent from last year and retail prices are likely to be higher...Supplies of most other fresh vegetables returned to more normal levels during the late spring and summer after the disruption of last winter's freeze in Florida...Prices of most items are likely to remain relatively steady through the early fall before beginning their normal seasonal advance late in the year.

The fresh fruit price index is expected to decline seasonally this fall as harvest begins for the important apple and citrus crops...The prospective 1977 apple harvest is indicated about 8 percent larger than last year's freeze-damaged crop, but strong demand from processors and for exports may hold prices near year-earlier levels...With pear production expected to be 8 percent below last year, prices are likely to be moderately higher.

Retail prices for processed fruits and vegetables are expected to continue to rise further this fall...Supplies of frozen concentrated orange juice remain tight relative to demand due to last winter's freeze in Florida... While adequate-to-ample supplies of most other items are expected, prices likely will rise due to higher costs of producing, processing, and marketing.

Sugar and Sweets: Consumer prices in the sugar and sweets category may rise moderately later this year, reflecting continued increases for chocolate products as well as some increases in raw sugar prices if a sugar price support program is implemented.

Beverages: The upward spiral in coffee prices apparently ended about midyear...Lower consumption, along with substantial recovery in coffee production from last year's freeze-damaged crop, dropped wholesale coffee prices sharply this summer... Retail coffee prices are expected to decline this fall, but probably much less rapidly than they rose last winter and spring.

Cereal and Bakery: Large supplies and relatively low prices for grains and other major ingredients should preclude substantial price increases in the cereal and bakery category this fall...However, modest price increases are likely for some items, reflecting continued upward pressure from marketing and distribution costs.

Consumer Food Prices Rose in Spring Quarter

Food prices rose more rapidly than prices for other goods and ser-

vice during April-June for the second consecutive quarter. This is in contrast to all four quarters of 1976 when generally stable food prices helped to moderate the overall rate of inflation.

Retail food prices during the spring quarter averaged 3 percent above the winter quarter, with both food away from home and food at home rising at about the same pace. All items less food rose about 2 percent. Compared with a year ago, however, both food and nonfood items averaged a little under 7 percent higher.

Propelled by further large jumps for coffee along with smaller increases for tea, second quarter beverage prices were up nearly 22 percent from the previous quarter and 63 percent from a year earlier. These increases for beverages accounted for about three-fifths of the total second quarter food price rise from both the previous quarter and from a year earlier.

Changes in retail food prices

Item	Second quarter 1977 change from	
	Previous quarter	Previous year
	Percent	
Meat	0.8	-4.2
Poultry	3.8	-0.2
Fish	3.3	10.4
Dairy	1.1	3.3
Eggs	-21.4	-1.4
Fats and Oil		10.6
Fruits and vegetables	4.6	11.9
Sugar and sweets	5.4	4.5
Cereals and bakery products	1.3	1.0
Beverages	21.7	63.2
Food at home	3.1	6.5
Food away from home	2.8	7.8
All food	3.0	6.8

Fresh fruit prices rose 10 percent from the first to the second quarter and were 18 percent above a year ago, mainly reflecting smaller supplies of apples and citrus. Potato prices also jumped during the spring as storage supplies became limited. However, prices for other fresh vegetables dropped in response to more generous spring supplies in contrast to the freeze-ravaged winter vegetable situation.

In the livestock food category, a sharp price drop for eggs offset small-to-moderate increases for almost all other items between the first and second quarters. Retail prices for red meats and dairy products were up about 1 percent, while poultry and fish prices rose about 3½ percent. Compared with a year earlier, however, meat prices were down about 4 percent, mainly reflecting larger supplies of pork. Poultry prices were essentially unchanged from last year,

Consumer, wholesale, and farm price indexes, 1976-77

(1967=100)

Item	1976				1977		
	II	III	IV	Year	I	II	Percent change 1976-77 (II)
Retail prices:[1]							
All goods and services (CPI)	169.2	171.9	173.9	170.5	176.9	180.7	6.8
All items less food	166.0	168.9	171.5	167.5	174.1	177.3	6.8
All food	180.0	182.0	181.6	180.8	186.6	192.3	6.8
Food-at-home	178.9	180.6	179.3	179.5	184.8	190.4	6.4
Food away-from-home	184.7	187.8	190.1	186.1	193.7	199.1	7.8
Wholesale prices:[1]							
All commodities	182.1	184.2	186.0	182.9	190.0	194.3	6.7
Indistrial commodities	180.6	183.6	186.9	182.3	190.0	194.0	7.4
Farm products	194.0	192.7	187.3	191.2	198.3	201.7	3.9
Processed food	181.6	178.3	175.2	178.7	180.3	188.8	3.9
All food[2]	181.2	177.9	176.0	178.9	182.3	188.5	4.0
Prices received by farmers[3]	192	189	176	186	187	190	-1.0
Crops	200	206	190	197	217	208	4.0
Livestock and products	185	175	165	177	172	174	-5.9
Market basket of U.S. farm foods:[4]							
Retail cost	175.3	176.0	173.5	175.4	177.1	178.8	2.0
Farm-retail spread	170.8	174.3	176.2	173.2	177.0	178.9	4.7
Farm value	182.5	178.8	169.3	178.8	177.1	178.8	-3.1

[1] Department of Labor, Bureau of Labor Statistics. [2] All food includes all processed foods plus eggs and fresh and drief fruits and vegetables from the farm product group. [3] Statistical Reporting Service. [4] Economic Research Service.

while dairy product prices were up nearly 3½ percent and fish prices were up about a tenth.

Second Quarter Marketing Spreads Edged Up

Farm-retail spreads for a market basket of foods from U.S. farms widened about 1 percent from the first to the second quarter. This increase was accompanied by a similar rise in returns to farmers and, therefore, in the total retail cost of the market basket. Spreads varied widely among product groups in the basket. Sharp decreases in spreads for fats and oils products and livestock products including beef, pork, poultry, and eggs were more than offset by increases for most crop products, especially fresh fruits and vegetables. Marketing spreads skyrocketed for many fresh vegetables in the second quarter as retail prices failed to reflect sharp decreases in returns to farmers from last winter's record level.

Compared with a year earlier, the marketing spread in the second quarter of this year was up 4.6 percent, while the retail cost for the market basket of farm-produced foods was up 2 percent. Spreads increased substantially for dairy products, eggs, bakery and cereal products, and processed fruits and vegetables. Spreads were exceptionally wide for fresh fruits and vegetables. In contrast, spreads for poultry and fats and oils products dropped markedly and, combined with somewhat smaller spreads for beef and pork, helped moderate the impact for the total basket.

Returns to farmers for foods in the market basket in the second quarter were up about 1 percent from the first quarter. Increases for meat animals, milk, poultry, and oilseed products were partially offset by decreases in returns for eggs, wheat, and most fresh vegetables.

The farm value of market basket foods in the second quarter averaged about 2 percent lower than a year ago. Lower farm values for hogs, eggs, wheat, and sugar more than balanced the rise in returns for fresh fruits and vegetables, oilseeds, and many other products. The farmer's share of a dollar spent in retail food stores was 39 cents in the second quarter—the same as in the previous quarter but 1 cent lower than a year earlier.

1977 Food Consumption Slightly Below 1976 Record

According to the latest estimates, per capita food use, which reached a record high in 1976, may be down slightly this year—perhaps about ½ percent—but will still be the second-highest in history. The decline will be largely due to a 1-percent drop in the consumption of crop foods. Per capita use of foods derived from live-

Per capita food consumption indexes[1]

(1967=100)

Item	1969	1970	1971	1972	1973	1974	1975	1976	1977[2]
Meat, poultry & fish	102.4	105.0	107.3	107.2	100.8	106.0	102.9	109.4	109.5
Meat	102.1	104.1	107.1	105.3	97.8	104.4	101.1	107.2	106.9
Poultry	103.3	107.1	107.9	112.8	108.8	110.6	108.2	116.1	118.2
Fish	105.0	110.7	107.9	117.5	121.3	114.7	113.9	120.1	117.8
Eggs	96.6	97.0	98.0	96.1	91.6	89.9	87.0	86.0	84.3
Dairy products[3]	100.3	99.0	99.2	99.6	99.4	98.3	99.2	99.9	99.9
Fats and oils	105.0	106.6	105.2	109.3	109.8	106.9	107.8	113.3	110.6
Animal	95.2	90.5	90.7	84.1	78.7	76.7	73.6	69.6	67.7
Vegetable	110.3	115.3	113.2	123.1	126.8	123.4	126.5	137.2	134.0
Fruits[4]	100.7	102.6	103.2	101.2	102.7	102.4	108.9	111.1	106.5
Fresh	98.3	101.3	99.4	95.7	94.4	98.6	104.6	108.6	105.0
Processed	102.7	103.8	106.5	105.9	110.0	105.8	112.7	113.3	108.0
Vegetables[5]	100.9	101.4	101.7	102.6	105.3	104.1	103.6	104.9	104.5
Fresh	99.1	99.6	100.0	99.8	101.2	101.2	101.7	102.5	101.3
Processed	104.3	104.7	105.0	107.8	112.8	109.5	107.3	109.4	110.4
Potatoes & sweetpotatoes	106.5	113.3	114.2	114.0	113.4	114.6	118.1	114.2	114.9
Fresh	98.0	94.7	90.8	91.6	83.7	79.9	90.9	87.2	85.6
Processed	110.2	121.5	124.4	123.9	126.4	129.8	130.0	126.0	127.8
Dried beans and peas, and nuts	98.7	98.4	100.0	103.8	104.6	100.4	107.3	104.2	106.7
Cereal products	100.8	97.9	98.6	97.6	97.8	96.0	96.5	99.0	99.2
Sugar	103.9	106.3	106.5	108.6	109.7	106.6	102.9	103.7	110.6
Coffee, tea & cocoa	96.7	93.9	92.4	98.2	96.8	89.4	85.1	88.8	85.8
Total food	101.6	102.7	103.6	104.1	102.2	102.8	102.1	105.5	105.1
Animal products	101.2	102.3	103.9	103.7	99.3	102.0	100.1	104.1	104.1
Crop products[6]	102.1	103.0	103.0	104.4	105.7	103.6	104.5	107.2	106.2

[1] Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. [2] Preliminary. [3] Includes butter. [4] Excludes melons and baby food. [5] Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. [6] Includes melons, soup, and baby food in addition to groups shown separately.

Civilian per capita consumption of major food commodities (retail weight) and civilian population, selected years[1]

Commodity	1960	1967	1974	1975	1976	1977 as percentage[6] of 1976
Meats:	134.2	145.1	152.2	145.2	154.6	100
Beef	64.3	78.8	86.4	88.9	95.4	97
Veal	5.2	3.2	1.9	3.5	3.4	94
Lamb and mutton	4.3	3.5	2.0	1.8	1.7	94
Pork (excluding lard)	60.4	59.6	61.9	51.0	54.1	105
Fish (edible weight)	10.3	10.6	12.2	12.2	12.9	98
Poultry products:						
Eggs	42.4	40.7	36.6	35.4	35.0	98
Chicken (ready-to-cook)	27.8	36.5	41.1	40.3	43.3	103
Turkey (ready-to-cook)	6.2	8.6	8.9	8.6	9.2	99
Dairy products:						
Cheese	8.3	10.1	14.6	14.5	15.9	106
Condensed and evaporated milk	13.7	9.0	5.6	5.0	3.9	92
Fluid milk and cream (prod. weight)	321.0	303.0	288.0	291.1	292.0	99
Ice cream (product weight)	18.3	17.8	17.5	18.7	18.1	98
Fats and oils-total, fat content	45.3	49.4	53.2	53.3	56.0	99
Butter (actual weight)	7.5	5.5	4.6	4.8	4.4	98
Margarine (actual weight)	9.4	10.5	11.3	11.2	12.5	95
Lard	7.6	5.4	3.2	3.0	2.8	104
Shortening	12.6	15.9	17.0	17.3	18.2	99
Other edible fats and oils	11.5	15.2	20.3	20.3	22.0	98
Fruits:						
Fresh	89.6	79.1	76.7	81.9	84.6	96
Citrus	32.5	30.6	26.8	28.8	28.2	96
Noncitrus	57.1	48.5	49.9	3.1	6.3	96
Processed:						
Canned fruit	22.6	22.6	19.7	19.3	19.2	96
Canned juice	13.0	11.7	14.7	14.8	15.0	98
Frozen (including juices)	9.1	10.1	11.3	12.6	12.6	92
Chilled citrus juices	2.1	4.4	5.2	5.7	6.2	88
Dried	3.1	2.8	2.5	3.1	2.3	117
Vegetables:						
Fresh[2]	96.0	90.8	93.6	93.9	94.4	99
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	52.7	52.0	52.2	101
Frozen, excluding potatoes	7.0	9.0	10.1	9.7	9.2	113
Potatoes, (including fresh equivalent of processed)	105.0	105.5	112.3	120.3	113.5	100
Sweetpotatoes, (including fresh equivalent of processed)	6.5	5.3	5.3	5.5	5.5	100
Grains:						
Wheat flour[3]	118	112	106	107	111	100
Rice	6.1	7.5	7.6	7.7	7.2	107
Other:						
Coffee	11.6	11.1	9.5	9.0	9.4	93
Tea	0.6	0.7	0.8	0.8	0.8	112
Cocoa	2.9	3.4	3.0	2.6	3.0	100
Peanuts (shelled)	4.9	5.7	6.4	6.6	6.3	106
Dry edible beans	7.3	6.9	6.7	6.5	6.3	97
Melons	23.2	20.3	17.2	17.5	18.6	97
Sugar (refined)	97.3	98.3	96.6	90.2	94.7	100
Civilian population[4]	178.1	195.3	209.7	211.4	213.0	101

[1] Quantity in pounds, retail weight unless otherwise shown. Data on calendar year basis except for druied fruits, fresh citrus fruits, peanuts, and rice which are on a crop-year basis. [2] Commercial production for sale as fresh produce. [3] White, whole wheat, and semolina flour including use in bakery products. [4] July 1 civilian population used to derive per capita figures except for sugar, dried fruits, peanuts, and rice. [5] Preliminary. [6] Preliminary indicators for 1977.

stock likely will remain about unchanged in total.

In the crop food category, consumption likely will be down for coffee, fresh and processed fruit, and fresh vegetables due to short supplies and higher prices of these items early this year. Consumption of most other crop items will be about the same as last year.

Consumer use of livestock foods will reflect higher per capita supplies of pork and poultry, which will about offset lower consumption of beef, fish, and eggs. Per capita use of dairy products likely will be about the same as last year.

USDA Food Programs[1]

Family Feeding Programs

Food Stamp Program participation continued its downward trend through the second quarter of 1977. After increasing slightly during the first quarter of the year, due to seasonality and the effects of adverse weather, participation dropped to 15.3 million in the second quarter, down over 7 percent from the same period a year earlier. After adjusting for seasonality this marks the seventh consecutive quarter of decline. The number of participants not receiving public assistance showed the greatest decline, over 9 percent, while the number who are receiving public assistance declined 5½ percent.

Because of the participation declines, the total value of stamps issued dropped from $2.1 billion a year ago to $1.9 billion during April-June 1977, while the total value of bonus stamps declined from over $1.2 billion to just under $1.1 billion. The proportion of the total value paid by the recipient rose 2 percentage points over the same period a year earlier.

On July 1 the allotment of stamps and income eligibility standards were increased reflecting the August 1976 to February 1977 rise in food costs for low-income families. The maximum a family of four may earn and remain eligible for the program was increased 2½ percent to $567 a month and the allotment of stamps was increased to $170 per month. The change in income eligibility standards will increase the number of families eligible to participate if employment and income remain unchanged. However, if employment and income continue to increase, the effect will tend to offset the impact of higher income eligibility standards resulting in further participation declines, primarily among nonpublic assistance participants.

During second quarter 1977, purchases with food stamps accounted for 4½ percent of food store purchases. In addition to the Food Stamp Program, approximately 75,000 people participated in the Needy Family Program and received commodities at a federal cost of nearly $3 million.

Child Nutrition Programs

Participation in the National School Lunch Program during the second quarter increased by ½ million over the same period a year ago, totalling 25.7 million. Two and one-half million children participated in the School Breakfast Program, up over 300,000 from a year earlier. The federal contribution to the School Lunch and Breakfast Programs was nearly $428 million, up nearly 11 percent above a year ago.

Costs of these two programs are likely to increase this fall due to increases in the reimbursement rates for meals served and more meals served at the reduced price. The national average payment per lunch will be increased from 13¼ cents to 14 cents for each lunch served. Additional payments will be increased from 50 to 53 cents for reduced price meals and from 60½ to 63 cents for a free meal. Reimbursement rates for breakfasts will increase from 10.75 cents to 11.25 with a 21-cent reimbursement for reduced price meals and 28 cents for each free meal. Part of these increases may be offset with the initiation of the new choice system. If a participant does not like all of the items offered with the meal, he need not be served them. The price of the lunch will remain the same while hopefully waste will be reduced.

Other Programs

Over 900,000 people participated in the Women, Infants, and Chil-

Federal cost of USDA food programs (50 States and District of Columbia only), 1970-76

Item	1970	1971	1972	1973	1974	1975	1976	1977 I	1977 II[1]
	Million dollars								
Food stamps									
Total issued	1,925	3,103	3,615	4,049	5,868	7,680	7,825	1,951	1,851
Bonus stamps[2]	1,104	1,699	1,980	2,209	3,498	4,602	4,658	1,168	1,086
Food distribution[3]									
Needy families	275	261	225	152	87	11	8	3	3
Schools[4]	234	311	275	253	355	364	444	201	97
Other[5]	34	37	39	48	36	33	32	14	12
Child nutrition[6]									
School lunch	337	628	785	939	1,137	1,340	1,503	526	392
School breakfast	14	22	28	43	67	94	119	44	36
Special food[7]	15	34	43	52	87	116	240	29	41
Special milk	96	92	91	63	90	134	150	46	38
WIC[8]	---	---	---	---	33	106	181	57	55
Total[9]	2,109	3,084	3,466	3,784	5,390	6,800	7,335	2,046	1,719

[1] Preliminary. [2] Includes Food Certificate Program. [3] Cost of food delivered to State distribution centers. [4] Includes Special Food Services. [5] Includes supplemental food, institutions, elderly persons. [6] Money donated for local purchase of food. Excludes nonfood assistance. [7] Includes child-care and Summer Food Programs. [8] Special Supplemental Food Program for Women, Infants, and Children begun January 1974. [9] Excludes those food stamps paid for by the recipient. Do not add due to rounding.

[1] Data pertain only to the 50 States and the District of Columbia.

dren's Feeding program during the April-June period, an increase of 400,000 over year-earlier totals. Money left unspent in this program is reallocated to States with high expenditure levels in the program, insuring that the maximum number of women and children are reached. The value of foods provided the elderly through the Nutrition Program for the Elderly was over $4 million, up over a third from a year ago.

Food Spending and Income

Personal consumption expenditures for food were $216.9 billion (seasonally adjusted, annual rate) during the second quarter of 1977, up over 3 percent from the first quarter and nearly 10 percent above the second quarter of 1976. Spending for snacks and meals eaten in restaurants rose at a slightly faster pace than for food-at-home expenditures.

After adjusting for price increases, total spending was 5 percent above a year ago. Expenditures for food at home and restaurant meals and snacks were both up about 5 percent from a year earlier after adjusting for price increases.

The Department of Commerce in July released revisions going back to 1974. Food expenditures were revised slightly downward in 1974 and 1975 and upward by ½ percentage point in 1976.

The second quarter average increase in total personal consumption expenditures slowed relative to the rate for previous quarters, primarily due to the relatively small increase in durable goods purchases. Compared with the first quarter of 1977, disposable income rose at a faster pace than expenditures, leading to a quarterly increase in the savings rate.

However, compared with a year earlier, expenditures were up 11 percent and disposable personal income 10 percent.

While consumers continue to increase spending for all categories of goods and services, the shares allocated to both durables and services have increased, resulting in a decline in the proportion spent on all major categories of nondurables with the exception of gasoline and oil.

Changes in food expenditures, second quarter, 1977
(Seasonally adjusted)

Item	From first quarter 1977	From second quarter 1976
	Percent	
Total food		
Current dollars	3.2	9.7
1972 dollars	.6	5.0
Food at home		
Current dollars	3.1	8.7
1972 dollars	.5	4.9
Food away from home		
Current dollars	3.3	12.6
1972 dollars	.8	5.1

RETAIL COFFEE PRICES HEADED DOWN

By Fred Gray

Retail prices of roasted coffee finally retreated in July. The decline in reported prices was not large—just 4 cents for a 1-pound can that cost a record $3.94 the month before. Yet it apparently marked the end of a 2-year rise that began after a devastating frost struck the Brazilian coffee region in July 1975 and was abetted by earthquakes and civil disorders in other coffee producing areas. The current reported price does not fully reflect discount coupons which have been available in recent months. Before mid-1975, retail coffee prices in the United States had been running below $1.30 per pound.

Looking back, the U.S. coffee market has attempted to adjust to severe stresses and strains in recent months. The monthly composite green-bean price (a weighted measure of the major types of coffee—New York spot basis) peaked at $3.33 last April, up from $.70 per pound in July 1975. The composite green price had fallen to $2.46 per pound in July and $2.40 in August. The decline in green coffee prices reflected reduced purchases by consumers in response to sharply using retail prices in first half 1977, increased stocks in the hands of U.S. coffee firms, and prospects for larger world supply.

High and rising retail coffee prices have encouraged U.S. coffee drinkers to cut down. Per capita coffee consumption for the most recent 12 months (July 1976-June 1977), totaled 11.6 pounds (grean bean basis), down nearly a tenth from calendar 1976. But for the first half of this year, estimated coffee consumption was off 17 percent from first-half 1976. This indicates calendar 1977 per capita consumption likely will total between 10.5 and 11.5 pounds, possibly lower. Declining consumption in the United States and around the world help explain why green coffee prices broke

Quarterly changes in personal expenditures and disposable personal income
(Seasonally adjusted)

Item	1976		1977	
	III	IV	I	II
	Percent			
Personal consumption expenditures	2.2	3.3	2.9	1.8
Durable goods	1.6	4.3	6.4	.9
Nondurable goods	1.7	3.2	1.7	1.7
Food	2.0	3.8	1.2	.4
Other	2.0	3.8	1.2	.4
Services	2.8	3.2	2.9	2.3
Personal disposable income	1.6	2.6	2.4	3.2

in April. In more recent months, prospects for a 14 percent larger 1977/78 world crop have contributed further to the decline.

U.S. coffee roasters began to feel the effects of high prices and declining consumption in the first quarter this year. The result was a decline in roasting relative to imports and a buildup of U.S. green coffee stocks. U.S. coffee roastings were down nearly a fourth in the first half of 1977, with second quarter roastings down over a third from a year earlier. Meanwhile, first half coffee imports were down only about a tenth from a year earlier with second quarter imports about a fifth lower. Consequently, U.S. green coffee stocks at the end of June were up about a tenth from a year earlier.

High prices and declining consumption for coffee may be raising the demand for other beverages, whose prices have risen less than coffee. Tea imports totaled 127 million pounds for first half 1977, up from 83 million pounds in first half 1976. Tea imports seem likely to top 200 million pounds this year, and could approach 225 million pounds—almost 25 percent above the 181 million pounds imported in 1976. Soft drink consumption is also likely to further expand this year, although probably less than the 12-percent increase in 1976. Consequently, coffee firms are quite concerned whether U.S. coffee consumption will rebound once retail prices ease significantly.

The sharp rise in coffee prices through the first half of this year has had a substantial impact on overall U.S. retail food prices. Retail prices for roasted coffee through July of this year were nearly double their year-earlier average, while prices for instant coffee were up about half. Thus, while coffee has a relatively small weight in the Consumer Price Index for Food at Home, the dramatic jumps in retail coffee prices this year mean that coffee likely will contribute about half of the expected 6 percent increase in this index for 1977.

Outlook—Lower Retail Prices

The second estimate of the 1977/78 world coffee crop is 69.9 million bags (132.3 pounds each), up 14 percent from the poor crop of 1976/77. The prospective larger crop is mainly due to a partial recovery in the Brazilian crop to 17 million bags, up 80 percent from the frost-damaged 1976/77 crop although still well below the pre-freeze level.

Since the Brazilian crop suffered no freeze damage this year, next year's crop should be bigger than 1977's. Green Coffee prices can be expected to continue to trend generally lower through the remainder of 1977 due to a significantly larger world crop this year, the potential for an even larger crop next year, and the likelihood that consumption will remain relatively low.

Wholesale prices of roasted coffee will follow green bean prices, but with a marketing lag of 2 to 3 months. Retail prices probably will not decline as fast as green or wholesale roasted prices as retailers attempt to sell coffee purchased at higher wholesale prices, before replacing inventories with lower-priced coffee. On the other hand, if retailers opt to stimulate sales by cutting prices on high-priced inventories, the resulting competition could lower U.S. retail prices more rapidly than now expected.

Wholesale Price Index, U.S. average (not seasonally adjusted)

Commodity group	January-June			1976						1977
	1975	1976*	1977	July	Feb	Mar	Apr	May	June	July
						1967=100				
All commodities	172.1	180.8	192.3	184.4	190.0	191.9	194.3	195.2	194.4	194.8
Industrial commodities	169.2	179.4	192.0	182.7	189.9	191.6	193.2	194.2	194.6	195.8
All foods[1]	183.8	180.8	185.4	180.9	183.0	184.8	187.0	190.5	188.0	189.1
Farm products and processed foods and feeds	180.1	183.7	191.4	188.1	188.4	190.9	195.9	196.8	191.5	189.3
Farm products	179.0	192.0	200.0	196.9	199.0	202.4	208.1	204.3	192.7	190.5
Fruits and vegetables[2]	180.2	183.9	202.3	164.6	212.6	219.1	205.6	201.8	176.2	182.0
Grains	226.1	215.0	177.9	224.3	185.8	183.4	184.4	171.2	157.7	153.3
Livestock	172.9	183.2	169.4	175.9	166.2	163.5	167.9	180.2	172.3	180.5
Poultry, live	176.2	173.2	177.1	184.0	183.7	177.2	182.3	183.1	182.7	193.7
Fibers, plant and animal	141.4	198.8	232.4	269.0	240.1	252.4	249.5	238.6	197.5	195.3
Milk	168.9	200.5	198.2	193.1	198.4	195.2	197.7	193.3	199.3	202.2
Eggs	153.5	169.7	168.1	167.7	194.8	173.5	165.2	144.4	141.4	156.8
Oilseeds	207.6	181.5	278.4	239.3	244.1	272.5	330.8	300.5	281.1	205.4
Processed foods and feeds	180.7	178.6	186.0	182.6	181.9	183.9	188.5	192.0	190.1	187.8
Meats	173.4	181.8	163.4	175.4	163.4	160.5	159.6	172.1	171.7	177.0
Beef and veal	165.7	162.8	151.9	147.3	149.1	147.1	151.7	162.5	154.8	160.6
Pork	189.3	212.9	183.0	218.0	183.6	178.7	167.7	184.6	197.3	206.2
Poultry	172.0	170.2	174.2	181.2	179.2	174.7	179.9	178.5	178.1	188.0
Fish	207.6	267.6	299.8	278.7	300.2	296.8	306.0	294.9	295.3	297.0
Dairy	149.1	167.1	170.6	170.2	166.9	168.1	173.6	174.2	174.3	175.1
Processed fruits and vegetables	170.7	167.3	183.6	169.7	182.9	184.2	186.6	185.8	187.8	188.5
Cereal and bakery products	179.6	174.1	170.8	173.6	169.9	171.5	171.6	172.0	171.3	172.0
Sugar and confectionery	291.0	203.1	179.5	201.3	177.6	180.2	186.4	184.4	176.3	172.7
Beverages	161.7	169.0	198.1	175.9	189.3	199.5	202.0	206.0	207.7	204.7
Vegetable oil end products	227.2	171.2	197.5	173.1	182.7	187.8	206.3	214.1	216.3	209.6
Textile products and apparel	135.6	146.9	152.6	149.0	151.1	152.1	153.7	154.0	154.4	154.4
Apparel	133.1	137.9	146.1	140.2	145.6	146.0	146.4	146.6	147.2	147.2
Hides, leather, and related products	145.2	164.4	178.4	170.3	176.7	177.6	180.1	181.9	179.7	180.3
Footwear	146.3	155.4	166.9	160.7	165.9	166.7	167.7	168.2	168.6	170.3
Lumber and wood products	173.8	199.2	227.2	203.7	224.2	228.7	229.6	229.3	228.7	235.5
Tobacco products	148.2	160.6	175.0	161.9	174.8	174.8	175.1	175.3	175.3	175.7

[1] Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from farm products group. [2] Fresh and dried.. *Data have been revised for January-December 1976.

Consumer Price Index, U.S. average (not seasonally adjusted)

Items	January-June			1976	1977					
	1975	1976	1977	July	Feb.	Mar.	Apr.	May	June	July
						1967=100				
Consumer price index, all items	158.3	168.1	178.8	171.1	177.1	178.2	179.6	180.6	181.8	182.6
Consumer price index, less food	154.3	164.7	175.7	167.9	174.0	175.1	176.3	177.3	178.4	179.2
All food	171.9	179.9	189.3	182.1	187.7	188.6	190.9	191.7	193.6	194.6
Food away from home	171.5	183.3	196.4	186.9	193.6	195.2	197.5	199.3	200.6	201.7
Food at home	172.0	179.1	187.6	180.9	186.2	186.9	189.3	189.8	191.9	192.8
Meats[1]	164.7	181.3	171.3	182.9	171.3	170.8	170.1	171.3	174.4	175.8
Beef and veal	161.0	167.0	162.2	166.9	161.5	160.7	161.2	162.8	164.8	164.2
Pork	173.9	205.0	183.3	208.7	185.1	184.1	181.7	182.0	187.0	192.0
Poultry	152.2	159.3	154.8	161.9	152.9	158.3	157.7	157.6	157.6	161.2
Fish	197.8	221.4	244.0	227.9	241.1	241.5	244.0	248.8	250.8	254.1
Eggs	156.4	165.8	174.2	164.1	207.9	179.5	166.0	152.8	141.0	163.6
Dairy products[2]	154.6	168.0	172.1	168.0	171.1	171.2	171.4	173.1	174.3	174.1
Fats and oils[3]	208.5	174.6	184.3	169.7	179.5	180.7	183.5	189.5	194.7	198.7
Fruits and vegetables	168.6	175.4	194.0	177.3	194.7	196.8	203.0	195.1	196.8	194.1
Fresh	162.9	168.9	200.1	175.0	203.6	205.4	214.3	200.8	202.1	197.1
Processed	177.2	185.0	184.8	180.9	181.6	184.0	186.1	186.7	188.9	188.7
Cereals and bakery products	187.1	181.0	181.5	180.9	180.0	181.3	182.6	182.5	182.8	183.3
Sugar and sweets	260.5	221.8	224.0	217.9	219.2	222.8	226.4	230.1	232.8	232.0
Beverages, nonalcoholic	176.4	197.6	302.1	216.3	273.8	286.4	311.4	334.6	348.7	348.3
Apparel commodities less footwear	139.1	142.6	148.4	143.4	147.4	148.1	148.6	149.7	150.2	149.6
Footwear	143.6	147.7	155.5	149.6	154.4	155.4	156.2	157.0	156.8	155.9
Tobacco products	153.0	159.5	166.0	160.4	165.8	166.0	166.1	166.2	166.4	167.2
Beverages, alcoholic	141.2	145.5	149.6	147.5	148.8	149.3	149.8	150.3	150.7	151.4

[1] Beef, veal, lamb, mutton, pork, and processed meat. [2] Includes butter. [3] Excludes butter.

Market basket for farm foods[1]

Product group	Annual			1976[3]			1977[2]	
	1974	1975	1976	II	III	IV	I[3]	II
				Dollars				
Retail cost								
Meat	532.67	582.68	583.96	588.46	590.74	553.46	558.03	560.69
Dairy	296.33	302.65	331.49	327.92	330.89	337.46	335.80	338.85
Poultry	68.32	75.42	72.51	73.73	73.83	67.68	71.08	73.80
Eggs	56.90	55.24	61.03	55.46	62.43	66.71	70.80	54.75
Bakery and cereal	277.30	304.29	299.32	299.84	298.66	299.18	300.30	304.82
Fresh fruit	73.15	74.82	75.51	74.06	80.23	79.33	80.36	87.05
Fresh vegetables	118.84	114.07	120.87	125.46	117.70	118.80	141.75	140.10
Proc. fruits and veg.	165.99	187.40	189.54	188.98	188.33	190.60	192.51	196.46
Fats and oils	75.74	81.39	69.52	68.38	67.67	70.30	71.31	74.45
Miscellaneous	84.32	98.12	91.69	92.42	91.81	91.39	91.50	92.21
Total	1,749.56	1,876.08	1,895.44	1,894.72	1,902.29	1,874.91	1,913.45	1,932.19
Farm value								
Meat	299.16	347.51	314.56	339.06	308.67	280.43	296.03	314.10
Dairy	145.81	149.50	169.93	167.11	172.85	168.77	166.67	169.88
Poultry	38.24	44.21	39.82	40.03	41.26	34.83	38.57	42.36
Eggs	38.65	36.46	42.08	36.48	43.30	46.52	47.46	35.07
Bakery and cereal:								
All ingredients	69.15	56.60	46.07	49.61	45.25	38.93	39.92	38.88
Grain	48.76	39.30	32.67	36.05	31.83	26.02	25.93	23.56
Fresh fruits	21.79	22.80	21.43	19.56	23.93	23.87	22.66	23.29
Fresh vegetables	39.79	39.58	40.22	39.64	36.84	41.23	55.76	45.14
Proc. fruits and veg.	36.37	40.04	38.84	37.67	38.41	39.04	35.69	36.37
Fats and oils	35.49	27.76	22.46	20.00	25.36	24.87	27.03	31.81
Miscellaneous	22.87	19.64	13.93	14.94	13.17	12.03	12.52	12.71
Total	747.32	784.10	749.34	764.10	749.04	710.52	742.31	749.62
Farm-retail spread								
Meat	233.51	235.17	269.40	249.40	282.07	273.03	262.00	246.59
Dairy	150.52	153.15	161.56	160.81	158.04	168.89	169.13	168.97
Poultry	30.08	31.21	32.69	33.70	32.57	32.85	32.51	31.44
Eggs	18.25	18.78	18.95	18.98	19.13	20.19	23.34	19.68
Bakery and cereal	208.15	247.69	253.25	250.23	253.41	260.25	260.38	265.94
Fresh fruits	51.36	52.02	54.08	54.50	56.30	55.46	57.70	63.77
Fresh vegetables	79.05	74.49	80.65	85.52	80.86	77.57	86.00	103.95
Proc. fruits and veg.	129.62	147.36	150.70	151.31	149.92	151.56	156.82	160.09
Fats and oils	40.25	53.63	47.06	48.38	42.31	45.43	44.28	42.64
Miscellaneous	61.45	78.48	77.76	77.48	78.64	79.36	48.98	79.50
Total	1,002.24	1,091.98	1,146.10	1,130.62	1,153.25	1,164.39	1,171.14	1,182.57
				Percent				
Farmers' share								
Meat	56	60	54	58	52	51	53	56
Dairy	49	49	51	51	52	50	50	50
Poultry	56	59	55	54	56	51	54	57
Eggs	68	66	69	66	69	70	67	64
Bakery and cereal:								
All ingredients	25	19	15	17	15	13	13	13
Grain	18	13	11	12	11	9	9	8
Fresh fruits	30	30	28	26	30	30	28	27
Fresh vegetables	33	34	33	32	31	35	39	30
Proc. fruits and veg.	22	21	20	20	20	20	19	19
Fats and oil's	47	34	32	29	37	35	38	43
Miscellaneous	27	20	15	16	14	13	14	14
Average	43	42	40	40	39	38	39	39

[1] Annual rate. [2] Preliminary. [3] Revised.

Food marketing: Spreads, costs, and profit rates

Year	Farm-retail price spread	Intermediate goods and services[1]				Interest rate[3]	Profit rates after taxes			
		Total	Containers packaging	Fuel, power, and light	Hourly earnings[2]		Food retailers[4]		Food manufacturers[5]	
							Sales	Equity	Sales	Equity
	1967=100				Dollars	Percent				
1970	113.4	113	108	108	3.03	8.48	—	—	2.5	10.8
1971	116.5	120	113	120	3.24	6.32	—	—	2.6	11.0
1972	118.9	126	117	126	3.45	5.82	—	—	2.6	11.2
1973	126.5	134	123	138	3.66	8.30	—	—	2.6	12.8
1974	151.5	159	151	202	3.99	11.28	—	—	2.9	13.9
1975	165.1	180	174	237	4.40	8.65	0.5	6.8	3.2	14.4
1976[6]	173.2	193	184	258	4.77	7.52	.8	10.0	3.4	14.9
1974										
I	142.2	148	131	175	3.85	9.91	—	—	2.7	12.4
II	154.6	155	145	200	3.94	11.15	—	—	2.7	12.8
III	152.5	166	161	212	4.04	12.40	.9	11.7	3.2	15.4
IV	156.7	170	169	220	4.14	11.64	1.0	12.1	3.0	14.7
1975										
I	166.1	176	173	231	4.28	9.94	-.4	-5.5	2.4	10.7
II	161.9	178	174	237	4.34	8.16	.8	10.5	3.3	15.0
III	163.4	181	174	238	4.43	8.22	.8	9.9	3.7	17.2
IV	168.8	184	176	241	4.55	8.29	.9	11.3	3.2	14.0
1976[4]										
I	172.5	186	179	243	4.65	7.54	.6	7.2	3.1	13.3
II	170.4	191	185	252	4.74	7.44	.9	11.6	3.7	16.3
III	174.1	194	185	260	4.81	7.80	.7	8.9	3.9	16.8
IV	176.0	199	187	278	4.90	7.48	.8	10.7	3.1	13.1
1977[6]										
I	177.1	202	189	301	5.04	—	.8	10.6	2.7	11.4
II	178.8	207	195	306	5.13	—	—	—	—	—

[1] Represents all goods purchased by food marketing firms except raw materials and plant and equipment, and all services except those performed by employees, calculated from wholesale price relatives. [2] Weighted composite of production employees in food manufacturing and nonsupervisory employees in wholesale and retail trade, calculated from data of the U.S. Department of Labor. [3] Bank rates on short-term business loans in 35 centers, Department of Commerce. [4] Federal Trade Commission. The data are based on reports from all food retailing corporations having more than $100 million in annual sales, and whose activities are at least 75 percent specialized in supermarket operations. Comparable data not available prior to third quarter 1974. [5] "Quarterly Financial Report," Federal Trade Commission. Data represent national aggregate estimates for corporations based upon a sample of company reports. Data since the fourth quarter of 1973 are imperfectly comparable with prior data because of changes in accounting methods. [6] Preliminary.

Personal Consumption Expenditures: Major Items

	1974	1975	1976	1974				1975				1976				1977	
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
	Billions — Current dollars																
Food excluding alcoholic beverages	166.9	184.8	199.5	159.2	163.5	170.4	174.3	178.5	183.2	187.1	190.3	193.9	197.8	200.7	205.5	210.3	216.9
For use at home	128.4	140.8	150.7	122.8	125.8	131.2	133.9	136.5	139.6	143.1	144.1	146.7	149.6	151.3	155.4	157.7	162.6
Food away from home	38.4	44.0	48.7	36.4	37.8	39.2	40.4	42.0	43.7	44.0	46.2	47.2	48.2	49.4	50.1	52.5	54.3
Nondurables excluding food	209.4	224.6	243.3	201.4	208.6	213.5	214.2	215.5	223.2	228.0	231.7	236.5	239.3	244.0	253.2	256.3	257.5
Clothing and shoes	65.3	70.2	76.0	64.2	65.4	66.4	65.0	66.6	69.8	71.5	73.0	74.2	74.3	76.9	79.9	79.3	80.4
Gas and oil	36.4	39.1	41.4	32.0	36.6	38.0	39.2	38.2	39.1	39.1	39.8	40.6	40.3	41.2	43.5	41.1	44.3
Fuel oil and coal				9.1	9.4	9.9	9.9	9.6	10.0	10.8	10.2	11.4	11.3	12.0	13.3	13.7	12.3
Alcoholic beverages	23.0	24.7	26.0	22.2	22.5	23.3	23.8	24.1	24.7	25.0	25.1	25.3	26.0	26.3	26.5	27.6	27.9
Other	75.2	80.4	87.6	73.9	74.8	75.8	76.6	77.1	79.6	81.6	83.5	85.1	87.5	87.6	90.0	91.6	92.5
Durable goods	122.0	132.9	158.9	119.5	122.1	127.7	118.7	122.8	127.8	136.7	144.3	153.3	156.7	159.3	166.3	177.0	178.6
Motor vehicles and parts	48.0	53.9	71.9	47.0	47.8	52.3	44.8	48.0	49.9	56.5	61.3	68.4	71.0	72.1	75.7	85.3	84.5
Furniture and household equipment	54.9	58.0	63.9	53.8	55.0	56.1	54.7	54.8	57.4	58.7	61.0	62.0	63.0	63.9	64.5	67.4	69.3
Other durables	19.1	21.0	23.1	18.7	19.2	19.3	19.3	19.9	20.6	21.5	22.1	22.5	22.7	23.3	24.1	24.2	24.8
Services	391.3	438.2	492.3	374.0	385.0	397.4	408.9	419.7	431.7	443.3	457.9	472.4	484.6	491.2	513.9	528.8	541.1
Housing	136.5	150.8	167.9	131.6	134.6	138.2	141.7	145.1	148.5	152.4	157.2	161.5	166.2	170.4	173.7	177.6	181.9
Household operation	56.1	64.2	73.0	52.7	55.4	57.2	59.3	61.4	63.7	65.3	66.3	69.5	70.4	73.1	78.8	80.7	79.2
Transportation	30.7	32.2	36.8	29.6	30.5	31.1	31.6	31.6	31.6	32.2	33.2	34.8	36.3	37.6	38.7	39.5	40.5
Other	168.0	191.0	214.6	106.2	164.6	170.8	176.3	181.6	187.9	193.5	201.1	206.6	211.8	217.1	222.8	230.9	239.4
Total Personal Consumption Expenditures	889.6	980.4	1,094.0	854.0	879.2	909.0	916.2	936.4	965.9	995.1	1,024.1	1,056.0	1,078.5	1,102.2	1,139.0	1,172.4	1,194.0
Total Disposable Personal Income	984.6	1,084.4	1,185.8	949.5	973.1	999.7	1,016.2	1,025.4	1,092.2	1,095.7	1,124.1	1,153.3	1,174.1	1,193.3	1,222.6	1,252.4	1,292.5
	Billions — Constant dollars																
Food excluding alcohol	126.3	130.4	138.1	125.0	124.9	128.4	127.0	128.5	131.0	130.2	131.8	134.6	137.0	138.5	142.4	142.9	143.8
Food for use at home	94.8	97.2	103.6	94.0	93.5	96.6	94.9	96.1	97.8	97.2	97.6	100.4	102.6	103.8	107.5	107.1	107.7
Food away from home	31.6	33.2	34.5	31.0	31.4	31.8	32.1	32.4	33.3	33.0	34.1	34.2	34.3	34.7	34.9	35.8	36.1
Nondurables excluding food	177.2	177.2	183.5	180.1	183.9	176.9	174.2	173.2	177.4	178.4	179.7	181.2	182.3	183.0	187.1	186.8	186.2
Durables	112.5	112.7	127.5	115.4	114.8	115.6	104.3	106.2	109.0	115.4	120.2	125.4	126.6	127.1	130.7	136.8	137.9
Services	344.3	354.8	372.2	341.1	343.2	345.6	347.4	349.0	353.0	356.2	361.2	365.6	369.6	374.0	379.7	383.8	386.3
Total Personal Consumption Expenditures	760.7	775.1	821.3	761.6	766.8	766.6	752.9	756.9	770.4	780.2	792.8	807.2	815.4	822.7	839.8	850.4	854.1

Source: U.S. Department of Commerce. Totals may not add due to rounding.

Marketing

GROCERY RETAILING IN CENTRAL CITIES

By Gerald Grinnell and Robert Frye

Many American cities are having trouble trying to maintain or regain healthy private and public sectors. A particularly critical area is the food delivery system.

City residents want to patronize food stores that offer a variety of quality products at reasonable prices. But it appears that supermarkets are slowly abandoning cities for the more affluent suburbs, leaving behind small stores that tend to have higher costs and prices.

An analysis of grocery stores in 14 large urban areas (using data from a special tabulation of the 1972 Census of Retail Trade) shows that cities have more grocery stores per capita than suburbs do but they have fewer supermarkets. Grocery store sales capacity was found to be growing at a much faster rate in suburbs than in cities.[1] On the average, sales capacity of grocery stores in the cities increased $2.50 per person during 1972, while suburban capacity increased $9.60. Half of the cities suffered absolute declines in grocery store sales capacity during 1972. Supermarket sales capacity increased in about 85 percent of the suburban areas, compared with 65 percent of the cities.

Moreover, growth of the four largest firms in the metropolitan area was heavily weighted toward the suburbs. On the average, the top four firms accounted for nearly all of the net growth in supermarket sales capacity in the suburbs but showed very little growth in the cities. This suggests that the disparity in incidence of supermarkets between suburbs and cities will continue and probably increase.

Are the market forces that determine food prices and availability and type of retail food services different in the suburbs than in the central cities of metropolitan areas? Are city stores less efficient? Do they cost more to operate?

Satisfactory answers to these questions are not readily available, but the analysis of 1972 census data provides clues, some of which are surprising. For example, sales per square foot of selling area and payroll per dollar of sales were very similar in the cities and suburbs. Large supermarkets had slightly lower unit labor costs and much higher sales per square foot of selling area than small grocery stores in both cities and suburbs.[2]

These findings suggest that any cost disadvantages that city stores may possess may not be due to higher labor costs or lower building and equipment utilization rates. Other reasons that have been advanced to explain higher costs among city stores include pilferage and product spoilage, higher occupancy costs (rent, taxes, insurance), and higher transportation costs resulting from delivery to downtown locations.

Food firms, public officials, and consumer groups are seeking ways to better meet the food needs of inner city residents. One food firm in Chicago, for example, has built very large modern inner city supermarkets with many labor-saving characteristics. A variety of approaches are being examined by different cities to find ways to attract and keep supermarkets at inner city locations. In a few cities, a local community organization has formed a partnership with a food chain, with the chain managing the stores, management responsibilities. Hillman's Inc., a food retailer, and The Woodlawn Organization, a community-based group, established a joint-venture in South Chicago that is reported to be successful. Other joint-ventures are planned in New York and Washington, D.C.

[1]Sales capacity is the combined sales of all size stores assuming each store has annual sales equal to the average sales of all stores in its sales size class. This is a procedure for estimating sales based on the number of stores in each sales size class.

[2]Differences in wage rates, product prices, and product mix affect the comparability of these ratios.

THE HEALTH FOODS MARKET

By Corinne Le Bovit

The health food market is growing, not only in the United States but in Europe as well. However, figures are hard to come by.

Part of the problem lies in defining "health foods." Health foods are often thought of as any food carried by a health food store or in a health food department in a larger store. And a health food store is any store that calls itself that.

Examination of businesses listed under "health food" in the phone book indicates considerable variety in types of stores and their stock. The wares may range from fresh produce and bulk staples to food supplements—vitamins, minerals, herbs. The specialty may be vegetarian or include an array of animal foods. Patterns may be related to a religious organization such as Seventh Day Adventists or Buddhists. Others emphasize items for special diets—allergies, diabetes, weight-loss—or organically-produced foods.

Most of these outlets also carry publications on cooking, gardening, and general health. Usually, they also sell equipment for cooking and food preparation.

Another difficulty in data collection involves the small size of many enterprises engaged in production and processing for the health food market. So-called organic farms which raise fresh fruits and vegetables are often very small. Many engage in direct sales. For example, a list of 56 certified organic farms in California in 1972 indicates that over one-third were under 10 acres and over half of the 56 sold only to conumers.[1]

Manufacturers of health foods range from small family-owned companies producing a single item in a home to corporations producing many products. In some instances, a small family producer has grown into a large manufacturer and some have then been acquired by major food processors or the product line bought or copied. Granola-type breakfast cereals are a prime example.

The National Nutritional Food Association (a trade organization of manufacturers, distributors, and retailers) lists about 750 health food manufacturers in 1976—up from 575 in 1972. Of these, 350-400 distribute nationally—up from 275 in 1972.

By one estimate, sales by health food outlets increased from about $250-$300 million in 1971 to $500 million in 1972, and are projected at $3 billion in 1980.[2] Another estimate for 1971 puts sales by retail outlets at $200 million, with another $200 million by mail-order firms, door-to-door concerns, supermarkets, and drug stores.[3]

These figures indicate health food sales accounted for less than 0.5 percent of the Nation's grocery bill at the beginning of the 1970's but may climb to about 1 percent by 1980. Even though this is a very small percentage, "health foods...are putting the giant food industry through an agonizing reappraisal. In time, health foods conceivably could force the major processors to reduce their use of preservatives and heavily advertise this step to label-conscious consumers, who question how much ammonium chloride (dough conditioner), butylated hydroxyanisole (freshness preserver) and monosodium glutamate (flavor enhancer) they really need."[4]

The baby food industry has already cut down on the use of preservatives. In January 1977, one manufacturer announced that it would no longer add salt, artificial flavors, artificial colors or flavor enhancers. It also pledged to eliminate added sugar from all products except those that require sweetening to balance natural acids.

Other imprints of the health food movement in the mass food market are the proliferation of "natural" breakfast cereals; the surge in yogurt sales (twenty-fold in the last two decades); the appearance in supermarkets of what were formerly ethnic or rarely found foods; new labels and ads calling attention to the naturalness of products (ice cream, bread); and the appearance of whole wheat versions of a number of baked goods, including English muffins, Lebanese bread, and doughnuts.

Competition in Food Retailing

Grocery chains with large shares of urban markets use monopoly powers to charge prices above competitive levels, according to a recent study prepared for the Joint Economic Committee of Congress.[1] The study also concluded that these chains receive monopoly profits while maintaining inflated costs and inefficiencies.

"Monopoly overcharges" for the largest firms in the Nation's standard metropolitan statistical areas, the study said, totaled an estimated $662 million in 1974, or 1.6 percent of sales. "Overcharges" by the four largest firms in one Eastern market were estimated at $83 million, or 6.9 percent of their sales in 1974.

Grocery prices were found to be 14 percent higher in the highest-priced city than in the lowest-priced city of those studies. The food chains were reported to have charged 12-percent higher prices for national brands than for comparable store brands. As firms' market power increased, both national brand and private brand prices went up, with national brand prices increasing more rapidly.

The study reported that between 1948 and 1972, grocery chains' share of U.S. grocery sales expanded from 34 percent to 57 percent. The 20 largest chains increased their share of total U.S. sales from nearly 27 percent in 1948 to 37 percent in 1972. Concentration in urban markets also increased, with the four largest firms in each market averaging 52 percent of grocery sales in 194 metropolitan areas.

The study concluded that "despite the unusual combination of circumstances depressing profits during most of the period studied, in some markets firms had sufficient market power, either due to their individual dominance or the high level of concentration in the market, so that they enjoyed considerable discretion over pricing. In these situations, market forces did not protect consumers from excessive prices and profits."

Another conclusion: "Increases in profits stem entirely from increases in prices. Operating expenses, instead of declining as a percent of sales as market share increases, appear to move in the opposite direction. These results provide no support for the notion that higher profit divisions (of chains) and SMSAs largely reflect lower operating costs."

However, the authors acknowl-

[1]Steffen, R.; Allen, F.; Foote, J.; Ed. *Organic Farming: Methods and Markets*; Rodale Press, Inc., Emmaus, Pa., 1972.

[2]Wolnak, Bernard. *Food Industry and FDA Face Fad Food Threat*; Food Product Development 6:28, Aug.-Sept. 1972.

[3]Pacey, Margaret. *Not all milk and honey: A variety of ills affects the health food industry*. Barron's, Sept. 11, 1972; pg. 24.

[4]Ibid.

[1]Bruce W. Marion, Willard F. Mueller, Ronald W. Cotterill, Frederick E. Geithman, and John R. Schmelzer, *The Profit and Price Performance of Leading Food Chains, 1970-74*, Joint Economic Committee of the Congress of the United States, Washington, D.C.: U.S. Government Printing Office, April 12, 1977.

edged that the data provided "no evidence of widespread 'profiteering' by grocery chains during 1970-74, and especially during 1972-73."

The study's findings were based on analysis of prices for three chains in 32 standard metropolitan areas and profits for 12 chains in 96 different divisions. Price data pertained to grocery products that account for about 49 percent of total grocery store sales. (Gerald Grinnell)

Retail Food Store Sales

Retail food store sales for the first half of 1977 approached $75 billion, almost 8 percent above the first half of 1976. First half 1976 sales had been only 6¼ pecent above the previous year. When adjusted for price changes, however, real volume rose 2.3 percent in each year.

Sales of eating and drinking places reached about $29 billion in the first six months of 1977, up 11¼ percent, compared with 10.3 percent during the first half of 1976. Apparent real volume also increased more rapidly—about 4 percent during the first half of 1977, compared with 3 percent in 1976.

Retail sales for all nondurable goods at $232 billion were up 9 percent, while durable goods rose 14 percent to $120 billion. However, durable goods rose at a lower pace than in first half 1976.

All retail store sales rose about 11 percent, compared with 12¼ percent during the first six months of 1976. When adjusted for price increases, real volume was up about 3¼ percent, compared with 6 percent during the first half of last year. (Anthony E. Gallo)

First half retail store sales

Store type	1977	1976	1975
	Billion dollars		
Food stores	74.4	69.0	64.8
Grocery stores	67.8	63.6	60.0
Eating & drinking places	28.8	25.8	23.4
All nondurable goods stores	232.3	213.0	142.2
Durable good stores	120.0	105.0	85.8
All retail stores	352.2	318.0	282.6

Source: U.S. Department of Commerce.

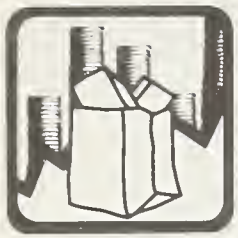
New Frozen Dessert Standards

New Food and Drug Administration standards proposed for frozen desserts would no longer require ice cream products to contain a minimum of 10 percent nonfat milk solids. Instead, manufacturers would have to meet a 2.7 percent protein minimum using any "safe and suitable" milk-derived ingredients they choose. Given expected prices between the various ingredients, manufacturers would probably substitute cheaper whey products (byproducts of cheese manufacturing) and casein (the protein component of milk) for nonfat milk solids. The result could be a small drop in the average retail price for ice cream products—perhaps 6 cents per gallon—and some expansion in the market for frozen desserts.

If adopted, the proposed standards would likely result in a sharp decline in the use of nonfat dry milk in ice cream. In 1975, about 423 million pounds of nonfat milk solids went into ice cream and other frozen dessert products. At current prices of the alternative ingredients, up to 70 percent of the total—293 million pounds—could be lost to substitutes under the new regulations. Whey products might account for 254 million pounds of the displacement and casein, which is imported, for another 39 million.

The Commodity Credit Corporation (CCC) is now holding 591 million pounds of nonfat dry milk in stocks. Assuming no change in the current CCC milk support program and depending on the rate at which manufacturers adjust to the proposed new standards, it is estimated that the Government might end up acquiring an additional 146 million pounds of nonfat dry milk in the first year after the regulations take effect and this could increase to 293 million pounds a year by 1980. In that event, annual Government costs through CCC purchases would be increased by $91 million in the first year after the regulations take effect and $183 million by 1980. Savings accruing to consumers as a result of the 6-cents-per-gallon reduction in the retail price of ice cream products would be about $35 million in the first year and $70 million by 1980.

The revised standards were scheduled to go into effect on June 13, but that date has been delayed to allow the Food and Drug Adminsitration to receive data or information on the proposed standards. (John Hanes)



Consumer Research

FABRICATED FOODS—THE CONSUMER'S VIEW

By Charlene Price

Foods fabricated from textured vegetable protein, mainly soybeans, are not new in the marketplace, although new technologies and processsing methods have made them more like the "real thing" in flavor, texture, and appearance.

How are the foods catching on with consumers, ERS asked 1,400 shoppers in a nationwide survey.

The vegetable protein mentioned in the survey comes in three principal forms: (1) packaged protein extenders—dehydrated, pre-cooked vegetable protein granules are used to extend or "stretch" meat—bought separately and added to meat by the homemaker in the home; (2) commercially mixed protein extender—already mixed into the food product when purchased; and (3) analogs—vegetable protein products made to simulate meats, poultry, seafood, or eggs.

Awareness and Use

The survey revealed a high awareness of analogs (75 percent) and packaged, dry vegetable protein products (58 percent), but few homemakers were conscious of the commercially mixed vegetable protein products (12 percent).

Many convenience foods and fresh ground meat items now contain a protein extender which formerly did not. Such products include many commercially prepared pasta and meat dishes made with sauces and gravies, canned and dried soups with small pieces of meat, and frozen dinners and entrees.

Although only 12 percent of the homemakers had indicated they were aware of using commerically mixed products where the manufacturer included the extender, more than half (56 percent) had used one or more of the products listed in the survey which are known to contain vegetable protein since January 1976. Since the list was not all-inclusive, the proportion of households having used such products was probably somewhat higher than the survey showed.

Although the addition of the protein extender is listed in some form as a main ingredient on the product label, apparently many shoppers do not continue to read the ingredient label after initial purchase of a product and, thus, ingredient changes go unnoticed.

Younger, better-educated homemakers, those with higher incomes, and large households with children tended to be more aware of both analogs and packaged extender products than other groups.

Despite the high awareness of analogs and packaged protein extenders among survey respondents, only about one in three households had tried them.

Because analogs sometimes are higher-priced than the "real" food products, it was believed that homemakers might use them for health or religious reasons. Analogs are cholesterol-free and lower in fat content and calories than the "real" foods. However, "curiosity" was the leading reason mentioned by those having tried the analogs. The same proportions of homemakers (about 1 in 10) decided to try them for health reasons, convenience sake, or because they had been prescribed by the doctor.

Non-users most often said they preferred the real food products and were satisfied with the products presently used and, thus, saw no reason to switch to analogs.

The majority of homemakers who tried analogs (68 percent) and packaged extenders (88 percent) had used them since January 1976 but only once or twice. Other homemakers who initially tried them but discontinued use prior to 1976 usually objected to the taste. Large households and those with teenage children were more likely to have experimented with them. Older homemakers and low-income households were the least likely to have tried them.

Bacon analogs led the popularity list (73 percent of the analog users had tried them), followed by egg substitutes (38 percent) and sausage substitutes (25 percent).

Satisfaction With Products

Respondents who had used analogs and protein extenders since the beginning of 1976 were asked to rate their satisfaction with the products on a five-point scale. Bacon and egg substitutes received the highest satisfaction ratings, with roughly 40 percent of the users "extremely" or "very satisfied" with them. On the other hand, 30 percent of the users were "not very" or "not at all satisfied" with them. Nearly one half of the users were "dissatisfied" with packaged extender products.

How Consumers Feel About Nutritional Value

Survey respondents were asked if they thought the nutritional value of vegetable protein was as high as animal protein. About a third felt the nutritional value was equal. Few respondents (18 percent) said that vegetable protein was not as good as animal protein.

The largest proportion of

respondents said they were not sure about the nutritional quality.

Younger respondents, those with more education, and those with a high family income were more likely than others to have favorable perceptions of the nutritional value of vegetable protein. Those who tended to be unsure of the nutritional value were primarily older people, those from low-income households, and people with very little schooling.

The Future for Fabricated Foods

Almost a third of the households using packaged extender and analogs in 1976 intended to discontinue use. Half of the users said they would continue their usage at the 1976 level. Only 1 in 20 users expected to increase consumption of these types of products. Objectionable taste was the primary reason given for the reduction of usage. However, the majority of aware users (70 percent) of commerically mixed products planned to use more in the future.

Although consumers are aware of many packaged protein extender products and analogs, this survey suggests the food industry may not find expanding markets for them. Taste improvements and higher meat prices might increase the demand for these foods.

It seems likely that the use of protein extenders in commercially prepared foods may increase, since most consumers appear to be unaware of its presence in products they buy. On the other hand, if consumers had prior knowledge of products which contained a protein extender already mixed in, there may be some preference for the "real thing." This view is supported by a study on taste preferences for products containing vegetable protein.[1]

WHERE ARE FOOD STAMPS USED?

Participants in the Food Stamp Program spent a record $8.5 billion stamps last fiscal year, of which $5.3 billion bonus stamps were paid for by the Government. However, not all types of stores—and not all regions in the U.S.—shared equally.

Using information on where food stamps are redeemed, ERS determined which regions, kinds, and sizes of store received them from July 1975 to June 1976. Identification relied on comparisons of two distributions—one for food stamp redemptions and the other for cash and check (called "cash" from here on) receipts for food. Together they equalled total food sales in stores accepting food stamps for the entire year.

Stores in the Mid-Atlantic, Southeast, and Southwest regions received a greater share of the food stamps redeemed in the country than of cash. All others received more cash.

Regional shares of food stamp redemptions, cash/check receipts for food, and total food sales for fiscal year 1976[1]

Region	Food stamp redemptions	Cash/check receipts for food	Total food sales
	Percent		
New England	5.9	6.0	6.0
Mid-Atlantic	28.6	23.6	24.0
Midwest	17.4	20.8	20.6
Mountain Plains	4.4	8.1	7.8
Southeast	20.1	15.2	15.5
Southwest	11.0	10.2	10.2
Western	12.6	16.1	15.9
Total	100.0	100.0	100.0
	Billion dollars		
Total food sales	8.2	99.8	108.0

[1] Includes only stores that participated in the program throughout the year.

Independent stores received a greater share of food stamp redemptions than of total cash receipts for food and large chains a smaller share. Bakery routes and other mobile stores received identical shares. Smaller chains and other kinds of stores had a greater share of cash receipts than of food stamp redemptions.

The proximity of many indepen-

Shares of food stamp redemption, cash/check receipts, and total food sales, by kind of store, fiscal year 1976[1]

Kind of store	Food stamp redemptions	Cash/check receipts for food	Total food sales
	Percent		
Large chains	44.4	51.5	51.0
Other chains	1.3	2.5	2.4
Independents	52.3	41.1	41.9
Dairy routes	.6	2.0	1.9
Bakery routes	.1	.1	.1
Other mobile	.2	.2	.2
Miscellaneous	1.1	2.6	2.5
Total	100.0	100.0	100.0
	Billion dollars		
Total food sales	8.2	99.8	108.0

[1] Includes only those stores that participated in the program throughout the year.

Large chains—all retail food firms which have 11 or more establishments and total company sales annually of $1 million or more.

Other chains—all retail food firms with 11 or more establishments and total company sales annually of less than $1 million.

Independents—All food firms with fewer than 11 establishments. There is no annual sales size constraint.

Dairy routes—All food firms which service their patrons with dairy products (primarily), be selling at their customer's residence.

Bakery routes—All food firms which service their patrons with bakery products (primarily), by selling at customer's residence.

Other mobile—All food firms (except dairy and bakery routes) which service their patrons either on the street or at their residences by relying on vehicles for transporting products to customers. Includes the "rolling stores" of the South as well as push-carts in urban areas.

Miscellaneous—All food firms other than chains and independents whose sales are made from stationary facilities. Includes roadside stands, facilities within established farmer's markets, etc.

[1] Jon Weimer taste preference for hamburger containing textured vegetable protein. USDA-ERS NFS-155. Feb. 1976.

dent stores to areas with large numbers of participating food stamp households partially explains why they have a larger percentage of food stamp redemptions than of cash sales.

Shares of food stamp redemptions, cash/check receipts for food, and total food sales, by size of store, fiscal year 1976

Size of store (annual sales)[1]	Food stamp redemptions	Cash/check receipts for food	Total food sales
	Percent		
$0-24,999	1.3	0.2	0.2
$25,000-49,999	2.2	.5	.6
$50,000-99,999	4,4	1.8	2.0
$100,000-249,999	8.6	6.2	6.4
$250,000-499,999	6.8	6.1	6.2
$500,000-999,999	6.9	6.1	6.1
$1,000,000-9,999,999	65.3	72.6	72.1
$10,000,000 and over	4.5	6.5	6.4
Total	100.0	100.0	100.0
	Billion dollars		
Total food sales	8.2	99.8	108.0

[1] Includes only stores that participated in the program throughout the year. Annual sales measured in terms of gross sales, food plus nonfood.

Stores of all sizes benefited from food stamp expenditures in terms of absolute dollars. However, firms with less than $1 million in annual gross sales (food plus nonfood) received a larger share of food stamp redemptions and larger stores less. Thus, while large chains dominated both redemptions and cash/check receipts in terms of absolute dollars, small stores (annual sales under $1 million) were helped relatively more by food stamp expenditures.

Data Tapes Available From BLS

Computer tapes are available from both the diary portion and interview portion of the 1972-73 Consumer Expenditure Survey. The diary portion includes data on individual family characteristics and weekly expenditures on 273 items of food, alcoholic beverages, tobacco, personal care, nonprescription drugs and medical supplies, gasoline, and fuels. The interview portion gives characteristics for each survey family, classified by region (no individual SMSA, city, or State is identified, however). Cost of the tapes is $200 each. Researchers interested in additional information on the tapes should contact: Tom Lanahan, Division of Living Conditions Studies, Bureau of Labor Statistics, Washington, D.C. 20212 (phone: 202-523-9641).

World Food and Agricultural Outlook and Situation Board

The USDA established a new board in June to coordinate and improve all USDA economic and situation reports.

The World Food and Agricultural Outlook and Situation Board assumes all of the functions previously carried out by the Outlook and Situation Board, in addition to being given several new responsibilities including the review and coordination of Foreign Agricultural Service reports on world food and agricultural situation and outlook.

This board was formed to provide one central point where agencies or the public can receive information, to better coordinate the analytical input into domestic and world situation and outlook materials, and to eliminate the duplicative efforts of various agencies within USDA.

The chairman of the World Food and Agricultural Outlook and Situation Board will report to Howard W. Hjort, Director of Economics, Policy Analysis and Budget. J. Dawson Ahalt, staff economist in the Office of the Secretary, is acting chairman of the new board.

USDA Study Shows New Tomato Varieties Safe to Home Can

A two-year study to assess the safety of home-canned tomatoes by USDA scientists shows that new tomato varieties are no lower in acid than older varieties and that, if proper procedures are used, canned tomatoes are high enough in acid to prevent growth of the organism that causes botulism.

Proper procedures start with the selection of tomatoes that are not overripe or decayed. Then, the home canner should follow tested and approved canning instructions such as those in the USDA publication HG-8, "Home Canning of Fruits and Vegetables."

For more information, write USDA Press Service, Washington, D.C. 20250, for Press Release 1677-77.

Commitment Key to Success of Small Fruit and Vegetable Cooperatives

A strong commitment of capital and a continuous supply of produce by members are essential for a successful small fruit and vegetable cooperative, according to a study by the Farmer Cooperative Service. Producers must provide adequate equity capital, and a continuous produce supply during the season helps growers secure a better price.

FCS surveyed the organization and operations of 34 cooperatives selling produce by using their own staff, by contracting sales to an experienced organization, or by cooperative auction. Many of the cooperatives perform additional member services. Twenty-four cooperatives both grade and pack members' produce and 26 obtain production and marketing supplies. Other services frequently performed are harvesting, cooling, storing, and transporting members' produce.

Growers wishing to form a marketing cooperative should first determine economic need through a feasibility study, the report advises. Then a committee should evaluate program objectives, marketing methods, membership participation, method of financing, and other factors. In developing a plan for a marketing cooperative, special attention should be given to size, grower commitment,

accounting system, and member relations.

For a copy of "Operations of Small Fresh Fruit and Vegetable Cooperatives: Observations—Guidelines," FCS Information 106, write Farmer Cooperative Service, U.S. Department of Agriculture, Washington, D.C. 20250.

Major Regional Cooperatives Save $492 Million on Supplies

Nineteen major regional cooperatives realized $492 million worth of net savings, before income taxes, in procuring production supplies and equipment for their members in 1975. This was about 8.6 percent on a combined net supply volume of $5.3 billion, according to a report by the Farmer Cooperative Service. Twelve of the group also had net savings of $52 million on $1.9 billion worth of farm products marketed.

Total net savings on all supply and marketing operations were $544 million—equal to a return of 38 percent on the cooperatives' member equity of about $1.4 billion. About $179 million was paid in cash dividends on stock and patronage refunds, and $240 million was distributed.

For a copy of the report, "Major Regional Cooperative Supply Operations—Years Ended in 1974 and 1975," Research Report 40, write Farmer Cooperative Service, U.S. Department of Agriculture, Washington, D.C. 20250.

PUBLICATIONS

Consumerism at the Crossroads: A National Opinion Research Survey of Public, Activist, Business and Regulator Attitudes Toward the Consumer Movement. Commissioned by and available from: Sentry Insurance, 1800 North Point Drive, Stevens Point, Wisconsin 54481.

> A total of 2,032 interviews were conducted for this study. Major areas explored were: standards, practices and motivations of American business with respect to consumerism; the role and effectiveness of government regulation of consumer matters; handling of consumer complaints by business; expectations for the future development of consumer affairs; and more. The study is an attempt to learn how accurately the differing views of consumer activists, business executives, regulators and legislators reflect the views and aspirations of the public with respect to consumer related issues.

A Study of Bread Prices. By Robert F. Allen, April 1977. Order from the Council on Wage and Price Stability, 726 Jackson Place, N.W., Washington, D.C. 20506.

> This report finds that between the first quarter of 1973 and the first quarter of 1975 the retail price of bread increased 49 percent, largely in response to the more than doubling of wheat prices in 1973-74. Bread profits of all wholesale bakers reached a 5-year high in 1975; however large multiregional wholesale bakers had signficantly higher unit costs of production and distribution in 1975 than did smaller wholesale bakers. The fall in raw commodity prices during the last 3 years has not been translated into lower bread prices but profitability of the large wholesale bakers appears to have stabilized in 1976.

Regulation of the Ground Beef Industry. By Richard Walsh and Forrest Walters, paper presented at the American Agricultural Economics Association Annual Meetings, San Diego, California, August 1977. Request from authors, Economics Dept., Colorado State University, Fort Collins, Colorado 80523.

> Considers regulation costs on two levels: (1) enforcement costs at the regulatory agency level and (2) compliance costs at the industry level, as industry endeavors to comply with the regulations.

The Rural Income Maintenance Experiment. Summary Report by U.S. Department of Health, Education, and Welfare, November 1976. Address requests to: Publications Department, Institute for Research on Poverty, Social Science Building, University of Wisconsin, Madison, Wisconsin 53706.

> Gives results of a major social experiment initiated to measure the work incentive effects of a comprehensive cash assistance program. The study examined labor supply and income responses to an income maintenance program as well as effects on nutrition, various forms of consumption, health and health care, geographic mobility, debt and asset holding, psychological well being, family interaction, and school performance.

Distribution of Costs and Benefits from Instability and from Programs to Moderate Instability. By Allen B. Paul, Richard G. Heifner, and Jitendar S. Mann, an NEAD Working Paper, April 1977. Order from: Dr. Allen B. Paul, USDA. Economic Research Service, Room 245, 500-12th St., S.W., Washington, D.C. 20250.

> Examines several measures designed to moderate price, income, and production instabilities. Points to the need for a broader and more comprehensive approach to the analysis and selection of stabilization policies.

A Cost and Benefit Evaluation of Surface Transport Regulation. Statement No. 76-1. Prepared by and available from: The Bureau of Economics, Interstate Commerce Commission, Washington, D.C. 20423.

> An economic analysis of the costs and benefits of economic regulation of the surface transportation industry. Focuses on areas where regulation policy impacts can be identified and measured.

Publications of note from universities include:

Impacts of Energy Price Changes on Food Costs. By Norman K. Whittlesey and Chinkook Lee, April 1976. Request Bulletin 822 from: College of Agriculture Research Center, Washington State University, Pullman, Washington 99163.

> Because the food system is highly dependent on energy inputs, there is a strong potential for correlation between the cost for energy and the cost for food. The primary purpose of this study was to measure the total energy inputs in the production, processing, transportation, marketing, home food preservation, and home food preparation stages of 18 final products. This information provided the basis for estimating the impacts on Washington agriculture and food consumers induced by higher energy costs.

The Thomas Robert Malthus Lecture: The Food-Population Prospect 175 Years Later. By Thomas T. Poleman, No. 77-13, April 1977. Department of Agricultural Economics, Cornell University Agricultural Experiment Station, Ithaca, New York 14853.

Evidence points to the world's ability to feed many billions more and to man's ability to control population at levels well short of marginal starvation. However, this hinges on the spread of industrialized society to the developing countries and the provision of opportunities for productive employment to all.

Consumers Find Alternative Food Sources in Minnesota. By Henry Kinnucan and Ben Sexauer, June 1977. Minnesota Agricultural Economist, No. 590. For copies write to: Agricultural Extension Service, Institute of Agriculture, University of Minnesota, St. Paul, Minnesota 55108.

A telephone survey was conducted among 500 households in Minnesota on the use of alternative food sources. Data are presented on gardening, home food preservation, food co-ops and buying groups, roadside stands and farmers markets, and pick-your-own operations.

Teen-age Consumers' Beverage Habits. By Doyle A. Eiler and Carolyn B. Cook, 1977. This article appeared in SEARCH, Vol. 10, No. 21, New York's Food and Life Sciences, Cornell University, Ithaca, New York 14853.

Information on teenage beverage consumption was obtained from over 2,100 teenagers in New York City, Albany, and Syracuse in telephone interviews. Milk represented almost 40 percent of the daily beverage intake and soft drinks about 25 percent of the total beverage consumption of an average teenager.

"Solids Content Weight" Labeling Not suitable for Canned Dry Pack Foods. By D.R. Davis and K.R. Black, in Arkansas Farm Research, May-June 1977. Address requests to: Agricultural Publications, Arkansas Agricultural Experiment Station, University of Arkansas, Fayetteville, Arkansas 72701.

Solids content weight, the weight of the food put into the container before liquid is added and before processing, will work quite well with most fresh pack fruits and vegetables. However, it will present problems in those commodities that do not contain uniform moisture content at the time of filling. These products actually increase in weight during processing and the weight increase can vary according to the type of processing.

Needling Makes Beef More Tender. By W.C. Schwartz and R.W. Mandigo, Farm, Ranch and Home Quarterly, Vol. 24, No. 2. Institute of Agriculture and Natural Resources, University of Nebraska. Lincoln, Nebraska 68503.

Research at Loeffel Meat Laboratory has shown that penetrating beef with needles of a mechanical tenderizer can make beef more tender. Tenderness may be a problem in beef animals not fed much grain—the use of mechanical tenderizers may make this type of beef a more acceptable product.

Summary of Food Purchases and Prices: Griffin, Georgia. By Robert Raunikar. Research Report No. 251, August 1977, Georgia Experiment Station, Experiment, Georgia 30212.

Provides a summary of the average weekly food purchases reported by 92 households, January-March 1976, in Griffin, Georgia. Includes all foods brought into the home and the cost of ready-to-eat meals purchased away from home. Data for the January-March 1962 period from the Atlanta Consumer Panel are included in each table.

Perspectives

EATING OUT

One of the "facts" that everybody knows is that the American people have drastically changed their eating habits, including where they eat their meals. Away-from-home eating is said to be increasing by leaps and bounds. Some very large fraction of American meals is said to be eaten away from home and hearth. So we decided to take another look at the data and try to put it in perspective.

Most of the statements about away-from-home eating are based on dollar figures for expenditures. Since the price of restaurant meals includes many other things than the food used in them, comparisons of dollars spent for food at home with dollars spent away from home tend to exaggerate the proportion of meals and of food eaten away from home. We reestimated the figures using the same price level for all food.

With all prices at the retail store level, the share of food dollars going for away-from-home eating rose from 20-21 percent in 1955 and 1960, to 23 percent in 1970, and 25 percent in 1975 and 1976. This includes all of the food eaten away from home.

If we subtract the cost of meals by servicemen in the mess hall, by cooks and waiters in restaurants, and the expense account meals of businessmen, and of those served in institutions and group quarters—thus reducing our total to the food paid for and consumed by those living in households—14½ percent went for food away from home in 1955 and 1960, 16 percent in 1970, and 17 percent in 1975 and 1976.

Thus, while away-from-home eating has grown by leaps and bounds, expenditures for food at home have grown by slightly smaller leaps and bounds.

Kinds of Restaurants

When ERS surveyed 1,400 households across the country in 1976, we asked about the kinds of restaurants people had frequented the year before. Over 90 percent had eaten out during 1975—all but 3 or 4 percent of those under 50 years old but only 74 percent of those 65 and over.

Fast food restaurants were patronized by 73 percent of the households. Younger households—those where the respondent was under 50—used fast food restaurants most often, while only 39 percent of those over 65 had been to a fast food restaurant during the year. Nearly a third of those who ate at fast food restaurants went once a week or more, and a quarter went two or three times a month.

Over 60 percent of the households ate in restaurants where the main course was under $5. They were patronized by all age groups and were the most popular kind of restaurant with the elderly.

Almost half of the households had been to more expensive restaurants, but they were less popular with the old and the young than with those 25-50 years old.

Just about one-fourth of those eating in lower-priced restaurants did so weekly or more often, with equal numbers going two or three times a month, once a month, and less often. On the other hand, more expensive restaurants were visited less often. (*Alden C. Manchester*)

IMPORTS AND EXPORTS

Foreign trade in food has grown sharply in the past 20 years. For example, we're importing a lot more fats and oils products, but we're also exporting more. Imports of red meats and dairy foods have swelled, too, but U.S. farmers are also producing more of these foods.

Tropical Products

Virtually all our coffee, tea, and cocoa is imported. Since per capita coffee consumption was declining

Food imports and exports as a percent of supplies[1]

Item	Imports		Exports	
	1957/59	1976	1957/59	1976
	Percent			
Coffee	100	100	1	2
Tea	100	100	(2)	(2)
Cocoa	100	100	1	2
Sugar	51	43	(2)	(2)
Fish	37	57	4	7
Fresh fruit	18	23	8	12
Red meats	4	6	1	1
Fresh vegetables	2	6	4	5
Fats and oils	1	10	26	40
Dairy	1	2	2	1
Chicken	(2)	(2)	2	5
Eggs	(2)	(2)	1	1
Rice	(2)	(2)	40	52

[1] Includes beginning stocks. [2] Negligible.

even before the recent price spiral, coffee imports are about the same as in 1959 because of growth in population. But tea imports have soared due to increased consumption as consumers switched from coffee. Cocoa imports have shown wide fluctuations although they've about kept up with increases in the population.

Chicken, Eggs, and Rice

At the other extreme, very little chicken, eggs, or rice were imported in 1976, and in prior years, only an insignificant part of our rice supply was imported. Supplies of these foods are now derived almost entirely from domestic production.

A large portion of our rice supply is exported, up from 40 percent in 1959 to 52 percent in 1976. Chicken exports are up from about 2 percent to 4½ percent of supplies in 1976. Egg exports are miniscule.

Fish and Fats and Oils

In 1976, imports accounted for 60 percent of our fish supplies, as opposed to 38 percent in 1959. Domestic production hasn't changed much. Thus, imports have tripled to supply larger per capita consumption and a growing population. Imports have been supplied by major fish-producing countries with large long-distance fleets. However, U.S. exports are also up, from 4 to 7 percent in 1976.

While U.S. imports of fats and oils products have risen from ½ percent in 1959 to 10 percent of supplies in 1976, the U.S. is a major net exporter of these foods. Exports during this period rose from a fourth of total supplies to about 40 percent, reflecting sharp increases in world consumption. U.S. consumption has grown fairly steadily, albeit moderately, in recent decades.

Sugar

Sugar imports (excluding U.S. territories which come under "Receipts from Offshore") have declined from from 51 percent to 43 percent of total supplies. Imports from territories are down very sharply, from almost 2 billion short tons in 1959 to about 200 million in 1976, due to Hawaii's shift to Statehood status and sharply declining production in Puerto Rico. As a result, U.S. production has risen from 5.6 million short tons to 7 million.

Soft drinks

Year	Production	Per capita consumption	Sweetener used (sugar equivalent)	
			Total	Per capita
	Million gallons	*Gallons*	*Million pounds*	*Pounds*
1954	1,757	11.0	1,498	9.3
1955	1,893	11.7	1,619	9.8
1956	1,985	12.0	1,700	9.6
1957	2,049	12.7	1,759	10.3
1958	2,156	12.6	1,853	10.6
1959	2,338	13.4	1,987	11.2
1960	2,422	13.6	2,036	11.3
1961	2,600	14.4	2,162	11.8
1962	2,952	16.1	2,430	13.1
1963	3,306	17.7	2,691	14.3
1964	3,496	18.5	2,819	14.7
1965	3,687	19.2	2,943	15.2
1966	4,023	20.8	3,179	16.3
1967	4,116	21.1	3,229	16.4
1968	4,536	23.0	3,540	17.8
1969	4,662	23.4	3,625	18.0
1970	4,854	24.1	3,908	19.2
1971	5,151	25.2	4,146	20.1
1972	5,330	25.8	4,238	20.4
1973	5,674	27.3	4,517	21.5
1974	5,714	27.0	4,583	21.7
1975	5,891	27.6	4,576	21.5
1976	6,663	31.0	5,165	24.1

Red Meats, Dairy, Fruits and Vegetables

Despite the fact that the United States is a major producer and consumer of red meats, about 6 percent of our total meat supplies were imported in 1976, up from 3.7 percent in 1957-59. Beef accounts for 80 percent of these imports. U.S. meat exports, although doubled, still account for only 1½ percent of total supplies, with pork accounting for most of these exports.

U.S. foreign trade in dairy products is relatively minor, and cheese makes up most of the business. In 1976, imports of dairy products accounted for 1½ percent of supplies, while exports declined about 0.8 percent, reflecting a sharp drop in cheese exports. Cheese imports comprise about 5½ percent of our total supply.

About a fourth of our fresh fruits are imported, but only about 6 percent of our vegetables—mostly from Mexico. About a tenth of our potato supply is exported. Very little of canned and frozen fruits and vegetables is either imported or exported, although a substantial part of U.S. canned fruits and fruit juices goes abroad. (*Anthony E. Gallo*)

Why Are Americans Eating Less Lamb and Veal?

Of all items in the meat, poultry, fish category, only two have shown a long-term downtrend in per capita consumption: lamb and veal. The reasons are many, but they add up to shrinking supplies, rising retail prices, and, as a result, waning consumption.

Lamb and veal never have been favorites on American menus. The peak year for consumption was 1930, when the per capita figure for the two

meats combined came to only about 13 pounds. It's since dropped to roughly 3 pounds per person. And as a share of the total red meat market, lamb and veal use tumbled from around 10 percent in 1930 to about 2 percent at present.

With per capita pork consumption remaining about the same (although showing fluctuations), the drop in lamb and veal use has been more than offset by much higher consumption of beef, which rose from 30 pounds in 1930 to 95 pounds in 1976.

Lamb

U.S. consumption of lamb is down from a high of 6 pounds per person in 1930 and 1940 to about 1½ pounds in 1976. Our consumption is among the world's lowest. The high-consuming countries are in Oceania, the Middle East, and the British Isles, with Australia—at 43 pounds per person—the highest in the world. The downtrend in consumption, however, appears to be worldwide and is rooted in the same supply factors as in the United States.

Production Down Sharply

U.S. supplies of lamb are down about half from about 800 million pounds in 1964. Although imports are down sharply, the decline in total supplies is principally due to lower U.S. production. Lamb production is largely a byproduct of wool production. Since the early 1960's, the number of lamb and sheep on farms and ranches has fallen from about 30 million to about 13 million in 1976. Production of wool has declined from a high of about 300 million pounds to about 110 million pounds in 1976. Man-made fibers have largely replaced wool. Total production of man-made fibers in the U.S. has risen from about 2 billion pounds in 1960 to about 9 billion pounds last year.

The high costs of producing lamb for meat are also encouraging shifts to cattle production. Cattle numbers grew from about 80 million head in 1950 to about 130 million in 1976. The lamb and sheep industry is labor-intensive, in contrast to the production of cattle and hogs. As labor costs rise—half the sheep are grazed under the care of herders—investment in sheep ranching and lamb farming has been discouraged. Also contributing to lower lamb production have been high losses to predators, principally coyotes, and these losses may be on the increase.

Declining production creates marketing problems. Unlike cattle and hogs, there are few buyers bidding on lambs, since there are only enough lambs to maintain a few slaughter plants in any area. About half the growers have 50 lambs or less, although commercial scale operations (more than 50 head) comprise the bulk of production.

Demand Specialized

Limited demand is another reason why lamb production has gone downhill. Many Americans do not eat lamb at all and the market is highly specialized. In the 1965 USDA Household Food Consumption Survey, those in higher income brackets ($15,000 and over) consumed about 8½ pounds of lamb per year, as opposed to less than 3 pounds for people earning less than $7,000. Consumption was much higher in urban areas (3 pounds) than in farm areas (0.7 pounds).

The latter figure would have been even lower had the farm area of the West, where most U.S. lamb is produced, not been included; about two-thirds of the 3½ pounds consumed there was home-produced. By region, consumption was highest in the North and lowest in the South. The Northeast urban region, for instance, averaged 7 pounds of lamb per person while the farm South consumed 0.2 pounds per year.

Preference for lamb is concentrated among those with ancestry from those parts of the world with historically-high lamb consumption—the Middle East and areas of British origin. Most Americans who were not raised on lamb do not eat it and high prices discourage experimentation with the unfamiliar meat.

In contrast to beef, chicken, pork, and fish, very little lamb is eaten in the away-from-home market. The 1969 USDA Foodservice Industry survey showed that the ratio of lamb used in the foodservice industry to total U.S. lamb consumption was much lower than virtually all other items in the meat, poultry, and fish category. Restaurants offering lamb specialty establishments. Use of lamb in away-from-home eating will probably decrease even further with the

Consumption by income class, annual

Income class	Veal	Lamb
	Pounds per person	
$15,000 & over	3.7	8.3
10,000 - 15,000	3.4	5.6
7,000 - 10,000	3.4	4.5
5,000 - 7,000	3.0	2.8
3,000 - 5,000	2.3	2.6
Under $3,000	2.0	2.9
All households	2.9	3.8

Source: 1965 Household Food Consumption Survey, ARS.

Year	Lamb	Veal	Total meat	Lamb & veal as percent of meat
	Pounds per person[1]			*Percent*
1909	6.0	6.6	133.6	9.4
1930	6.0	5.8	112.8	10.5
1940	5.9	6.7	124.4	10.1
1950	3.6	7.3	125.4	8.7
1960	4.3	5.2	134.0	7.1
1970	2.9	2.4	151.2	3.5
1976	1.7	3.4	154.6	3.3

[1] Retail weight.

Consumption of lamb and veal by region, annually

Region	Veal	Lamb
	Pounds per person	
U.S. all urban	2.3	3.0
U.S. urban	3.0	3.9
Northeast	5.8	7.0
North Central	2.0	2.5
West	1.3	4.7
South	2.1	1.5
U.S. rural non-farm	1.1	1.2
Northeast	2.7	2.5
North Central	0.8	0.5
West	0.4	1.1
South	0.7	0.8
U.S. rural farm	0.8	0.7
Northeast	1.5	0.7
North Central	1.2	0.9
West	0.4	3.5
South	0.4	0.2

Source: 1965 Household Food Consumption Survey, ARS.

rapid growth of fast food places, which offer few, if any, lamb dishes.

Lamb Prices High

Because of specialized demand and curtailed production, retail lamb prices, along with veal, are higher than any item in the meat, poultry and fish category of the Consumer Price Index for food. In June 1977, for instance, lamb chops cost $3.07, compared with $2.50 for a pound of porterhouse steak, $2.28 for frozen shrimp, and $1.12 for chicken breasts. Since 1970, lamb prices have risen faster than any other red meat except pork, which historically has shown wide fluctuations. In 1976, lamb prices advanced 8 percent, whereas those for almost all other red meats either decreased or increased only slightly.

Veal

U.S. per capita veal consumption averaged about 7½ pounds per person in 1970 but fell to about 3½ pounds per person by 1976. Moreover, well over half of the 1976 consumption of veal was not from dairy calves—the traditional source—but from calves of beef breeds.

The decline in veal consumption is largely rooted in the supply side. Pure veal comes from dairy cattle, and therefore supplies of veal are determined by the number of dairy cows. Because of increased output per cow, the number of dairy cows has fallen from about 22 million in 1950 to 11 million in 1976. Output per cow during the same period has increased from a little over 5,000 pounds to about almost 11,000 pounds.

Demand Limited

Veal production could be increased if there were sufficient demand. However, that demand appears to be somewhat specialized, and therefore limited.

Like lamb, the demand for veal appears to be highly segmented by urbanization, region, and income. The 1965 USDA Household Food Consumption Survey showed that veal consumption varied directly with income. However, the variation was significantly less than for lamb, with about 3.7 pounds consumed by higher income groups and 2.0 pounds consumed by lower income groups. The number of people not eating veal at all appears to be significant.

Like lamb, much of the veal is eaten in urban areas, mainly in the Northeast. Almost 6 pounds per person were consumed in the urban Northeast, as opposed to less than ½ pounds in the rural south.

Unlike lamb, however, the ratio of veal eaten away from home to that eaten at home appears to be high. Veal has not taken part in the rapidly growing fast food business.

Veal Prices Soaring

Over the past three decades, veal prices have tripled—twice the increase for other red meats. Since 1970, veal prices have risen at a slower rate than other red meats and, in 1976, dropped about 2½ percent.

Like lamb, however, constricted supplies and specialized demand have made veal the most expensive item in the CPI for red meats. In June 1977, veal cutlet was $3.15 per pound. (*Anthony E. Gallo*)

Where to get Information

Many times we get calls from people who need information and simply do not know where to go to get it. The following is a partial list of subjects on which the Economic Research Service has information. The area code for all calls is 202 and the address is USDA, ERS, 500-12th St., S.W., Washington, D.C. 20250. A more complete listing, "Where to Get Economic and Statistical Information," may be obtained from ERS Publications, room 0054, South Bldg., USDA, Washington, D.C. 20250.

Subject

Agribusiness, Corporate Farming—Donn Reimund, room 258, 447-6860

Agricultural Promotion and Advertising—Peter Henderson, room 262, 447-4190

Consumer Surveys—Clark Burbee, room 260, 447-9200

Export and Import Statistics—Thomasine McCall, room 370, 447-8364

Farm Programs and Policies—Milton Ericksen, room 356, 447-8912

Food Consumption and Prices—Larry Summers, room 260, 447-8707

Foreign Agricultural Situation—Richard M. Kennedy (world)—Dewain H. Rahe (U.S. export outlook), room 344, 447-8260

Health and Education—Bernal Green, room 492, 447-8673

Housing—Ronald Bird, room 496, 447-8717

Income—Steve Guebert (farm), room 106, 447-8698—Tom Carlin (nonmetropolitan) room 492, 447-8366

Market Structure—Robert Frye, room 196, 447-7799

Marketing Margins and Statistics—Harry Harp, room 106, 447-8454

Poverty—Tom Carlin, room 492, 447-8366

Rural Development—Thomas Hady, room 460, 447-8226

Taxes—Charles Sisson, room 245, 447-8168

The Impact of Demand for Services Upon Expenditure Types

In addition to data on Personal Consumption Expenditures by type of product—durable, nondurable, or service—published quarterly in the *National Food Situation*, the Department of Commerce publishes annually Personal Consumption Expenditures by type of expenditure. These data combine the service, nondurable, and durable components for each category such as medical or housing expenses. Over time, the proportion of services has risen relative to expenditures for nondurable goods and, to a lesser extent, for durable goods. However, this has not necessarily taken place in all types of consumer expenditures.

Much of the increase in services was due to the rise in medical care expenses. The proportion spent for such nondurables as drugs, along with durable health equipment, was about the same in 1976 as in 1970 and 1966. However, the proportion spent for such services as private hospitals and physicians' visits has risen nearly 3 percentage points in the past 16 years.

The increases in expenses for utilities has been the primary reason for the increased cost of household operation, while the proportion spent for nondurables (such as cleaning products) has fluctuated. The Department of Commerce determines the value of housing by combining the value of tenant-occupied housing with the imputed value of owner-occupied farm and nonfarm housing. All housing expenses are then categorized as services. Housing values have greatly increased in the past few years and thus have lead to another rise in the proportion of services.

On the other hand, the service component in some types of expenditures has declined in share. Expenditures for clothing, accessories and jewelry have declined steadily since 1966. Relatively, the largest decline has come in the proportion spent for dry cleaning and laundering. Among personal care items, nondurables such as toilet articles and preparations have risen, while expenditures for services in barber shops and beauty salons have declined proportionately. (Fredericka Bunting).

For more information, see the July issues of the *Survey of Current Business* and the *National Income and Product Accounts of the United States, 1929-1974*, A Supplement to the Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis.

Personal consumption expenditures by type

Item	1966	1970	1976
		Percent	
Total personal consumption expenditures	100	100	100
Food, alcohol, & tobacco (nondurables only)	24.8	23.8	22.1
Clothing, accessories, jewelry	9.5	9.0	8.2
Durables	.7	.7	.6
Nondurables	7.9	7.5	7.1
Services	.9	.6	.5
Housing (services only)	15.0	15.2	15.4
Household operation	14.3	14.2	14.6
Durables	4.6	4.4	4.4
Nondurables	3.7	3.5	3.6
Services	6.1	6.2	6.7
Medical care expenses	7.0	8.1	9.7
Durables	.3	.2	.2
Nondurables	1.1	1.1	1.0
Services	5.6	6.8	8.5
Personal business (services only)	4.7	5.1	5.1
Religious & welfare (services only)	1.4	1.6	1.5
Transportation	13.1	12.6	13.7
Durables	6.4	5.6	6.6
Nondurables	3.4	3.7	3.8
Services	3.3	3.4	3.4
Recreation	6.4	6.6	6.6
Durables	2.5	2.7	2.8
Nondurables	1.9	1.8	2.0
Services	2.1	2.1	1.9
Private education & research (services only)	1.4	1.6	1.5
Net foreign travel (nondurables and services	1.4	1.4	1.3

Source: U.S. Department of Commerce. Totals may not add due to rounding.

Consumer Legislation

One of the most important phases of the Congressional process is the action by the standing committees and the sub-committees. Here the most intensive consideration is given to proposed measures.

Upon completion of public hearings on the proposed legislation, or if there are no public hearings, the subcommittees will consider the bill in a closed (executive) session known as the markup session. It may decide to report the bill favorably to the committee, with or without amendments, or unfavorably, or suggest that it be tabled.

The report of the subcommittee is given to the standing committee for review and action. The committee may also report the bill favorably, with or without amendments, or table it. Since tabling a bill normally prevents action on it, adverse reports to the House by the committee are not usually made.

The committee report, which includes the purpose and meaning of the proposed law, is assigned a number when it is filed and the report is printed. The original bill is also printed and committee amendments are indicated in italics; deleted matter is in stricken-through type. The report number and the calendar number, indicating the order in which the bill is reported, are shown on both the first and last pages of the bill and the report. In the House of Representatives, there are two principal calendars of business: the Union Calendar for bills raising revenues, general appropriations, and bills of a public character directly or indirectly appropriating money or property; and the House Calendar for public bills and resolutions that are not placed on the Union Calendar.

Generally, the standing committees are called in alphabetical order on Wednesday of each week. Each committee may call up for consideration any bill reported by it and pending on either the House or Union Calendar. The two-hour maximum for general debate must be confined to the subject matter of the measure and must be equally divided between those for and those against it.

The House must have adequate opportunity for debate and for proposing amendments to the bill. The House votes upon passage of the bill including the adopted amendments.

The Senate then receives a copy of the engrossed bill in the precise form in which it has passed the House. The measure is now termed an "act," although it is still popularly referred to as a bill. The President of the Senate refers the bill to the appropriate standing committee. The bill is reprinted and made available in the document rooms of both Houses.

The standing committee gives the engrossed bill the same detailed consideration it received in the House and may report it with or without amendments or table it.

The rules of procedure in the Senate differ from those in the House of Representatives. For example, a Senator announces orally that he is submitting the report and it is put on the one Calendar of Bills in the Senate.

The original engrossed House bill, together with the engrossed Senate amendments, if any, are returned to the House stating the action taken by the Senate. Where amendments have been made by the Senate, the message requests that the House concur with them.

If the amendments are of a minor or noncontroversial nature and there is no objection to them, they are agreed upon and the bill is ready to be enrolled for presentation to the President.

If, however, the amendments are not agreed to, there is a conference with the Senate on the dissenting votes of the two Houses. The conference committee (made up of representatives from both Houses, but working independently) is sometimes referred to as the "Third House of Congress". This committee is limited to consideration of matters where the two Houses do not agree.

When the bill has finally been approved by both Houses, a copy of the bill exactly as agreed upon is enrolled for presentation to the President for his action under the Constitution. Delivery to a White House employee commences the 10-day Constitutional period for Presidental action. If the President approves the bill, he signs it and usually writes the word "approved" and the date. If the President does not return the bill with his objections within 10 days, it becomes law. The bill is sent to the Administrator of General Services for publication and is assigned a public law number.

A bill becomes law only after: Presidential approval or failure by the President to return it with his objections to the House in which it originated within 10 days while the Congress is in Session or the overriding of a Presidential veto by a two-thirds vote in each House.

It does not become law without the President's signature if the Congress by their adjournment prevents its return with his objections. This is known as a "pocket-veto."

The name of the sponsor of the bill is endorsed upon it and, since April 1967, a bill may be sponsored by up to 25 members in the House of Representatives. In the Senate,

unlimited multiple sponsorship is permitted.

Many of the bills introduced are identical or similar. These are all assigned to the appropriate subcommittee that attempts to report one bill that will be representative of all these bills. Many of the agriculturally related bills are still being worked on in the subcommittees. However, some of the bills that have been reported by the standing committees in their respective houses are:

S 91	Packing standards for domestic tomatoes to be imposed on imported tomatoes
S 650	Emergency assistance to wheat producers
S 1262	Consumer Protection Act of 1977 (A similar bill (HR 6805) is pending on the Union Calendar)
S 1750	Saccharin Study, Labeling and Advertising Act
HR 7797	Appropriations, Foreign Assistance and Related Programs Appropriation Act 1978 (Includes an appropriation for food and nutrition assistance) Some of the bills that have been reported with amendments by both Houses and require a Conference:
HR 1139	National School Lunch Act and Child Nutrition Act Amendments of 1977
HR 2521	Mandatory inspection of domesticated rabbit meat.

On August 3, 1977, HR 6714, The International Development and Food Assistance Act of 1977 was signed by the President and became Public Law 95-88.

The Food and Agriculture Act of 1977 is moving through the legislative process. The House passed, with amendments, HR 7171, Agricultural Act of 1977. Subsequently this passage was vacated and S 275 was passed in lieu of it after being amended to contain the language of the House-passed bill. The House and Senate conferees agreed on August 5 on a final bill which will be presented to the two Houses for final action when they return from recess in early September. Most provisions of the bill are effective for a four-year period.

The bill establishes target prices and minimum loan rates for wheat, corn, other feed grains, cotton, rice, soybeans, and peanuts. It also provides for payments in case of natural disaster to producers of wheat, feed grains, cotton, and rice. Limitations on deficiency payments are also specified.

The dairy price support program is extended. The Secretary is required to issue milk standards for ice cream within 30 days of enactment, specifying solids, weight, and whey content in order to meet USDA standards for ice cream. In no case, may milk solids not fat be less than 6 percent and whey cannot be more than 25 percent, by weight, of the milk solids not fat.

The wool program is continued. A support program for sugar is established.

A farmer-held reserve of grains is to be established. The Food for Peace program is continued.

The food stamp provisions of the Act eliminate the purchase requirement, so that participants no longer have to pay for some portion of their food stamps out of their own pockets. Other provisions tighten eligibility and strengthen work requirements. The WIC (Women's, Infant's, and Children's) Program is extended for four years.

Agricultural research, extension and teaching sections of the bill provide for a major expansion in the food and agricultural sciences, including human nutrition. (Evelyn F. Kaitz)

USDA Actions

USDA Holds Off Charging Grain Inspection Supervision Fees

At least through September 30, USDA will not charge for supervising the work of 95 private firms, trade groups, and State agencies authorized to inspect grain in this country, USDA's Federal Grain Inspection Service (FGIS) announced.

The action comes as a direct result of a governmentwide supplemental appropriations bill which President Carter signed May 4. The measure earmarks $11 million for use by FGIS during the remainder of Fiscal Year 1977, which ends September 30.

In providing FGIS with additional funding, Senate and House conferees directed that FGIS refrain from levying supervisory fees on non-federal grain inspection agencies through the end of September.

USDA Proposes Defining Terms in Beef Grade Standards

USDA proposed adding several definitions to the U.S. carcass beef standards to facilitate their uniform interpretation.

USDA's Food Safety and Quality Service, which administers the voluntary meat grading service, said that the definitions are needed to clarify the meaning of the terms: carcass, side, quarter, wholesale cut, primal cut, and subprimal cut. These terms are currently used in the standards but are not defined.

When beef is Federally graded, two grade marks are applied—one for quality (Prime, Choice, Good, etc.) and one for yield (Yield Grade No. 1, No. 2, etc.). Grading rules prohibit removing either one of these grade marks from a Federally graded carcass, side, or quarter. Both marks may be removed, but not just one. However, when Federally graded beef is marketed as retail cuts, subprimal cuts, or wholesale cuts substantially trimmed of external fat, the yield grade mark may be removed and the beef may be officially identified for its quality grade only.

The proposed definitions are:

Carcass—the two sides of the same slaughtered animal with or without the kidneys and after removal of the other viscera and the hide, head, feet, and tail.

Side—each of the two parts which results from splitting a carcass lengthwise through its approximate median plane.

Quarter—each of two portions which results from ribbing a side between the 12th and 13th ribs.

Wholesale cut—any one of the following subdivisions of a quarter: round, full loin (or short loin and sirloin), rib, chuck (square-cut chuck or arm chuck), brisket, short plate, flank, and foreshank. Except for the full loin and arm chuck, a combination of two or more of these subdivisions shall not be considered a wholesale cut.

Primal cut—any one of the major wholesale cuts—round, full loin (or short loin and sirloin), rib, and square-cut chuck. Briskets, short plates, flanks, and foreshanks are not primal cuts.

Subprimal cut—a portion of a primal or other wholesale cut such as those listed in the Institutional Meat Purchase Specifications for Fresh Beef and similar cuts normally produced by beef fabricators. Examples of subprimal cuts include the arm section of a square-cut chuck, a rump and shank-off round, a boneless brisket, and a bone-in or boneless strip loin. A subprimal cut does not result from the trimming only of fat nor from the removal of only a minor amount of lean and/or bone from a primal or other wholesale cut.

Sulfa Drug Residue Violations Continue in Hogs: USDA Intensifies Monitoring

Noting that sulfa drug residue violations are continuing in slaughtered hogs, USDA announced that it will further step up its testing and surveillance program.

At the same time, officials of USDA's Food Safety and Quality Service (FSQS) said a task force has been established in the Food and Drug Administration (FDA) which is now drawing up recommendations and options designed to lower the incidence of residues. FSQS has been coordinating sulfa drug residue testing with FDA and both agencies have been working with the swine industry to find a solution to the problem.

FSQS officials became increasingly concerned with sulfa drug residues in swine late last year when their earlier efforts to work with the pork industry did not reduce residue violation levels. Annual violation rates for sulfa drug residues had been running approximately 10 percent (9.97 percent of 341 samples in 1974; 11.56 percent of 294 samples in 1975; and 9.44 percent of 1,493 samples in 1976).

As a result, testing and surveillance activities were increased beginning in January, and hog producers throughout the Nation were publicly advised to take extra precautions in following proper withdrawal periods.

From January through March of this year, FSQS meat inspectors have taken samples from 648 hogs for sulfa drug residue tests. These samples were taken—based on a computerized, statistically random sampling method—so as to represent a cross-section of the hogs slaughtered throughout the nation.

Of these 648 samples, 61 were found to be above the tolerance of one-tenth part per million (0.10 ppm). While the majority ranged from 0.10 to 1.00 ppm, a few exceeded 3 ppm. In all of the 61 violations, the specific sulfa compound involved was sulfamethazine. USDA officials are looking into whether there might be something unique about the way this particular compound is used or reacts in the animal to explain why it—more than others—results in violative residues.

FSQS officials also noted that residues above the tolerance were being found in both muscle and kidney samples. They said this confirms the findings of FDA investigations—which indicate that, in a great majority of cases, the probable cause for residues resulted from failure to meet withdrawal requirements on the part of the producers. On-the-farm mixing and handling of medicated feeds and/or failure on the part of producers to rigidly follow recommended withdrawal periods before sending their hogs to market have frequently been suspected as a cause of residues.

FSQS officials are again advising swine producers that unless the sulfa residue problem is reduced soon, more restrictions would be imposed upon the marketing of hogs from premises where residue violations are detected. Officials indicated that with the increased sampling system, they anticipate more producers may be required to pretest hogs going to market. With residue sampling being greatly increased by FSQS meat inspectors, these restrictions could begin to affect marketing patterns.

When hogs are found in violation, the producer has the option of either (1) sending a few hogs to market for pretesting while holding the balance until laboratory results can be obtained or (2) sending all hogs to market and having them retained after slaughter by meat inspectors until the laboratory tests are made. Either way, the costs to the producer can be considerable, USDA said.

In addition to following withdrawal periods rigidly, swine producers who use sulfa drugs—or any medicated feed—should make certain that feed bins are thoroughly cleaned when switching from medicated to non-medicated feed. FSQS officials emphasized that just a small amount of medicated feed, when mixed with non-medicated feed, may mean the difference in hogs retaining illegal levels of drug residue.

USDA Announces New Fee Schedule for Meat Grading

USDA announced a new schedule of fees for the voluntary federal meat grading service based on current cost of performing the work.

The Agricultural Marketing Act of 1946 requires collection of fees approximately equal to the administrative and operational costs of the service rendered. Effective June 5, the fee will be $19 per hour for grading between 6 a.m. and 6 p.m. Monday through Friday; $23 per hour on Saturday and Sunday and between 6 p.m. and 6 a.m. Monday through Friday; and $38 per hour on national holidays. The current fees, respectively, are $17 per hour, $20 per hour, and $34 per hour.

According to USDA's Food Safety and Quality Service (FSQS), which administers the grading service, the fee changes reflect estimated increases in program costs resulting from recent interpretations of the Fair Labor Standards Act which affect the types of travel that must be compensated as work time.

A significant portion of the fee increase will cover the cost of paying graders for time spent transporting meat grading equipment between their residences and work sites. Payment for this time is now required by the Fair Labor Standards Act. The increase would have been greater but USDA anticipates using in-plant storage and other central storage areas for equipment to reduce the time required to transport it.

Residue Violations in Meat and Poultry Continue Slight Increase

The percentage of illegal chemical residues in meat and poultry increased slightly for the third quarter in a row.

A total of 114 residue violations were found among the 4,455 meat and poultry samples analyzed by USDA's Food Safety and Quality Service (FSQS) during the first quarter (January-March) of 1977. This is equal to a violation rate of 2.5 percent.

The violation rate for October-December 1976 was 1.7 percent and 1.4 percent for the July-September 1976 quarter. The highest quarterly violation rate in 1976 was 2.1 percent (January-March) and last year's quarterly average was 1.9 percent.

A breakdown of first quarter 1977 violations is: 65 sulfonamide, 28 antibiotic, 15 chlorinated hydrocarbon and 6 diethylstilbestrol (DES). Two additional DES violations were confirmed after the reporting period for the fourth quarter of 1976, bringing the total DES violations during 1976 to 11 out of 1,935 samples. The major violation was sulfa drug residues in swine—61 out of 648 samples for a violation rate of 9.4 percent. The continuing problem with sulfa residues has prompted implementation of an increased swine testing program by FSQS to help bring the violation rate down.

Of the first quarter's total 114 violations, FSQS found 103 in red meat and 11 in poultry. This adds up to 2.8 and 1.1 percent violation rates, respectively.

USDA's National Residue Monotoring program is two-phased, beginning with nationwide random sampling. When violations are found, surveillance sampling is conducted to determine cause and extent of the problem. When chemical residue levels are above the established tolerances or guidelines, they are considered violations.

1977-Crop Rice Final Target Price, Loan and Purchase Rate Announced

USDA announced a final established price (target price) of $8.25 per hundredweight and a final loan and purchase rate of $6.19 per hundredweight for the 1977 crop of rough rice.

The 1977 final target price was

determined through a formula which considered the 1976 final target price of $8.25, the index of prices paid by farmers for production items, interest, taxes, and wage rates during the 1976 crop year, and further adjusted by the change in the three-year moving average of rice yields. The increase in the cost of production is offset by the increase in yields. Thus, no change is made in the 1977 target price and loan and purchase rate.

The target price is used to determine payments to cooperators on their eligible production (allotment acreage times program yield) should the target price exceed the higher of the loan and purchase rate or the national weighted average price received by farmers for the first five months of the marketing year (August through December 1977). The target price is also used to determine payments under disaster provisions of the program. The quantity of 1977-crop rice that may be placed under loan is restricted to eligible production.

USDA Issues Regulations to Add Wheat, Feed Grains to Cooperative Eligibility List

USDA issued regulations that allow approved cooperative marketing associations to participate on behalf of their members in authorized price support programs for wheat and feed grains.

Before publication, USDA considered the economic impact of the regulations. The making of grain loans through cooperatives would have a miminal economic effect on the private grain trade and there would be an economic benefit for farmers because the program would give them an additional marketing tool.

The new regulations provide that eligible cooperatives are now authorized to take out Commodity Credit Corporation (CCC) loans on behalf of eligible producer members for wheat and feed grains. For many years, CCC has made cotton, rice, soybeans and other commodity price support loans to cooperatives on behalf of producer members.

Nitrates and Nitrites in Poultry

Assistant Secretary of Agriculture Carol Tucker Foreman released copies of an exchange of letters between her and Donald Kennedy, Commissioner of the U.S. Food and Drug Administration (FDA), concerning the use of nitrates and nitrites in poultry products.

FDA Commissioner Kennedy's July 12 letter was in response to an earlier request of April 22, in which Ms. Foreman asked FDA to rule on the legal and safety status of nitrates and nitrites as food additives or color additives when used in cured poultry products. In his July 12 letter, Kennedy stated that FDA would consider listing nitrates and nitrites as "interim food additives" or "provisional color additives" under FDA regulations, conditioned upon the appropriate petitions being filed and upon a concerted study by both the FDA and the USDA to determine whether these substances are safe.

In her July 15 reply, Ms. Foreman agreed with FDA's conclusions "... that precipitous action to terminate the use of nitrates and nitrites in all poultry products would ignore the important health benefits provided by additives that may prevent botulism, and may not be warranted to protect the public health." Ms. Foreman also agreed to the course of action suggested by FDA, through which both agencies would continue to cooperate fully in seeking a resolution of the problem "...with all possible speed."

Copies of all three letters are available from the Press Division, Office of Communication, USDA, Washington, D.C. 20250.

USDA Changes Meat Grading Regulations

Under new regulations effective July 15, USDA may now require plants using Federal meat grading services to provide metal lockers for in-plant storage of grading equipment.

Storage lockers must be in secure and easily accessible locations in the plants and USDA graders will be responsible for locking up their equipment.

Currently, USDA meat graders carry grading equipment between their homes and work sites each day. Under recent interpretations of the Fair Labor Standards Act, USDA must pay employees for time spent transporting such equipment.

Officials of USDA's Food Safety and Quality Service, which administers the grading program on a fee-for-service basis, said the new arrangement will substantially reduce the time graders spend transporting their equipment and help to minimize increases in operating costs.

Federal Rice Inspection Fees Lowered

USDA has reduced the fees it charges for Federal rice inspection services. The reduction is possible because the volume of rice being inspected has markedly increased over recent months. Use of the Federal rice inspection services is voluntary and must be paid for on a fee-for-service basis.

Also, as another reason for the lower fees, officials note that as FGIS takes over grain inspection in major rice-producing States like Texas and Louisiana, the agency's field operations there are becoming increasingly cost-efficient. This can result in lower rice inspection fees, since the same FGIS graders inspecting grain under the 1976 U.S. Grain Standards Act also inspect rice under the Agricultural Marketing Act of 1946.

Third Estimate of 1977 Meat Imports Unchanged

USDA estimated that 1977 imports of meat subject to the Meat Import Law will be below the level requiring quota imposition. This third quarterly estimate is the same as that made on Dec. 22, 1976 and April 15, 1977.

Public Law 88-484, enacted in August 1964, provides that if yearly imports of certain meats—primarily frozen beef—are estimated to equal or exceed 110 percent of an adjusted

base quantity, quotas are to be imposed on the imports of these meats. The adjusted base quantity for 1977 is 1,165.4 million pounds. The amount of estimated imports which would trigger imposition of quotas in 1977 is 1,281.9 million pounds.

The estimate takes into account voluntary restraint agreements with supplying countries negotiated by the State Department. Without them, the estimate would have exceeded the trigger level for imposition of import quotas.

Import prospects will be reviewed quarterly. The next estimate of 1977 imports of meat subject to the Meat Import Law will be made late in September and announced on or before Oct. 1.

USDA Issues Report on Licensed Dairy Imports

The Department of Agriculture reported that imports of cheese licensed under Section 22 quotas of the Agricultural Adjustment Act, as amended, increased slightly during 1976. The Department's annual report on imports of cheese and other dairy products showed use of licenses issued against the quotas for cheese amounted to 76 percent of the total allocation, compared with 71 percent in 1975 and 80 percent in 1974.

The purpose of the quotas is to prevent imports from materially interfering with the U.S. dairy support program.

Greater quota utilization was due primarily to increased consumer demand, as the overall economy improved, and increased country-of-origin transfer of licenses.

Countervailing duty actions which began in the spring of 1975 were largely completed in mid-1976. These actions, directed against foreign export subsidies, effectively raised the prices of the "pricebreak" cheeses (Swiss or Emmenthaler; Gruyere-process cheeses; and the basket category of Other cheeses) from most European countries to levels exceeding the pricebreak, making it virtually impossible for these countries to supply within the quotas. For these categories, when the f.o.b. price exceeds the "pricebreak" level, quotas do not apply and import licenses are not required.

Because countervailing duty actions had been largely completed and were being enforced as uniformly as possible by the second half of 1976, the Department was able to grant more temporary country-of-origin transfers in 1976 than 1975. This, coupled with an increase in consumer demand, resulted in a 14 percent increase in imports of quota cheese in the pricebreak categories and a 22 percent increase in all pricebreak cheese imports (quota and nonquota combined).

Consulting Firm Recommends Major Changes in USDA's Meat and Poultry Inspection

A management consulting firm has recommended to the USDA major changes in the federal meat and poultry inspection program which could substantially increase its efficiency with no loss of consumer protection.

In a three-volume report delivered to USDA officials, a study team from Booz, Allen and Hamilton, Inc., said there could be savings of $210 million by 1985 if its recommendations were fully implemented. USDA officials will begin an immediate review of the report. Until this review is completed and public hearings are held, USDA will not make any decisions to accept or reject any of the recommendations.

In formulating its recommendations, the Booz, Allen study team focused on seven aspects of meat and poultry inspection operations and management—processing inspection, postmortem poultry inspection, antemortem red meat inspection, postmortem red meat inspection, management activities, management field structures and cross utilization of Federal and State inspection personnel. These aspects accounted for 90 percent of the meat and poultry inspection operating costs during fiscal year 1976.

USDA Withdraws Proposal Covering Use of Inedible Poultry in Pet Foods

A proposal that would have permitted the use of more inedible poultry meat in pet foods has been withdrawn by USDA because further study is needed of the entire system for controlling the shipment of both inedible poultry and red meat destined for use in pet foods.

The proposal was published in July 1975 at the request of the pet food industry. It would have amended Federal poultry inspection regulations so as to provide for the same system of controlling shipments of inedible poultry meat to pet food manufacturers—using official permits, sealed containers and documented invoices—that is now used for similar shipments of inedible red meat.

Federal inspection regulations now require that inedible meat and poultry products must be denatured with brightly colored dyes or other substances before they can be shipped from a packing plant. The purpose is to make sure these products cannot be diverted into human food channels. Since this denaturing process discolors the products so that it is not very desirable to use them in pet foods, the pet industry petitioned USDA to permit alternative methods of controlling shipments.

Alternative methods were devised for inedible red meat products in 1972 and the pet food industry subsequently asked for similar provisions for inedible poultry products.

Experience over the past couple of years, however, has demonstrated that the system of permits, sealed containers and invoices being used for red meat is becoming increasingly cumbersome to administer. If the same system were now expanded to include inedible poultry meat—as was requested by the pet food industry in the July 1975 proposal—inspection officials said the inefficiencies would be compounded and the administrative burden would become less manageable.

The proposal covering poultry was withdrawn, the entire system will be reevaluated, and a new, uniform proposal developed for both inedible red meat and poultry products.

USDA Revises Federal Rice Standards

Revised U.S. grade standards for rice will permit Federal and State rice inspectors to certify a rice shipment as equal to or better than the minimum grade called for in the sales contract.

The rice standards revision, one of several being made by the Federal Grain Inspection Service (FGIS), is almost identical to a change in U.S. standards for other grains announced by FGIS June 9.

In the average sales contract, the buyer states that he will accept a certain grade of rice, or better. Under the revised standards, the seller can present an official inspection certificate that coincides with the contract wording.

Under the previous standards, if a shipment contained a material amount of higher-grade rice, the seller could receive either two separate grade certificates or one certificate with a special explantory statement. In both cases, he risked a claim from the buyer that the rice did not meet contract requirements.

Other changes that will be made in the U.S. rice standards:

—Delete the amount of total broken kernels as a grading factor in the inspection of brown rice for processing; however, continue its availability as an information factor when requested by the applicant for inspection;

—Change the definition of the grading factor "Other Types" in milled rice to include only whole rice kernels for the U.S. No. 5 and No. 6 grades.

The revised standards were first proposed by FGIS July 1 and the public was invited to comment. More than 900 reprints of the proposal also were mailed to trade and government organizations. Two responses, one representing a California rice producer cooperative and another representing four rice producer cooperatives and 27 individual rice milling companies were received by FGIS. Both responses supported the proposal in its entirety.

USDA Commodity Program to Adopt More Informative Ingredient Label

The foods the Federal government buys for schools and other feeding programs will be labeled with more complete information about the ingredients and additives they contain.

Frozen cooked turkey rolls—the first product to carry the new ingredient labeling—will have container labels that give not only the presently required list of ingredients, but also the maximum or minimum percentage of each ingredient in the product and, if it is an additive, its purpose. USDA will buy the turkey rolls over the summer for delivery to State agencies in time for use next fall.

Along with turkey rolls, the Department also distributes other poultry products, meat, fruits, vegetables, dairy, grain, and peanut products to states for use in nonprofit food programs. These are acquired under price support and surplus removal authorities, as well as a provision allowing special purchases for the National School Lunch Program.

USDA Increases Food Stamp Eligibility Limits and Allotments

Income eligibility limits for one and two-person food stamp households were raised effective July 1 because of a recent increase in the Department of Agriculture's income poverty guidelines.

The new monthly net income limits in the 48 states and District of Columbia are set at $262 per one-person household and $344 for two person households.

Net monthly income limits have been set for the past year at $245 for a one-person household and $332 for two-person households. These limits equaled the Department's income poverty guidelines in effect from July 1, 1976 to June 30, 1977.

Third Realloation of WIC Program Funds Shows Drop in Unspent Money

The latest quarterly reallocation of unspent money for the Women, Infants and Children (WIC) food program is almost $5 million lower than the last redistribution.

Latest estimates of WIC participation show a 12 percent increase since the first reallocation was released in February. In April, there were about 886,000 people on the program, 95,000 more than in February.

The third reallocation will redistribute $17.9 million to 31 states and three Indian agencies. The second reallocation, in March, distributed $22.5 million in unspent funds.

The goal of reallocation is to encourage states to expand their WIC caseloads gradually by spending more of the money USDA makes available.

Under USDA's reallocation formula, each state has an assigned monthly expenditure level. Unspent funds are recovered and redistributed to states reaching high expenditure levels. States sharing in the third reallocation spent at least 75 percent of the WIC money available to them.

The next reallocation, scheduled for October, will go to states spending 80 percent or more of funds available for April-June.

The WIC program, run by local health or welfare agencies, provides special foods to pregnant and nursing women, to infants, and to children up to five years old. To be eligible, participants must be examined by a physician, nurse, nutritionist, or other health or nutrition professional, and found to be "at nutritional risk" because of poor diet and low income.

Small Businesses to Get Larger Share of Certain Donation Program Contracts

USDA announced that it is doubling the amount of awards it sets aside for small businesses which contract to provide certain peanut products for government donation programs.

USDA will now set aside for small business 50 percent of the quantity of

Commodity Credit Corporation (CCC)-owned crude peanut oil offered for processing into margarine, shortening and refined peanut oil for donation to eligible outlets.

In addition, invitations issued requesting offers to sell roasted peanuts and peanut granules to CCC for donation to eligible outlets will also provide that 50 percent of the quantity offered will be set aside for award to eligible small business concerns.

New Eligibility Standards Issued for Children's Food Programs

USDA issued new income poverty guidelines for determining eligibility for free and reduced price meals and free milk under the child nutrition program.

The new guidelines apply to schools and institutions participating in the National School Lunch and Breakfast programs, the Child Care Food Program, the Special Milk Program, and schools and institutions receiving Federally donated foods.

The income guidelines are effective from July 1, 1977 to June 30, 1978.

The guidelines increase income eligibility approximately 6.78 percent over last year and reflect the increase in the Consumer Price Index during the 12-month period, April 1976 to April 1977.

Based on the national income poverty guidelines, each state issues guidelines which schools and institutions use for determining if children are eligible for free or reduced price meals or free milk. States are required to set the eligibility level for reduced price meals at 95 percent above the national income poverty guidelines. When establishing eligibility standards for free meals and milk, states have the option of placing the cut-off level at up to 25 percent above the national poverty guidelines.

The income poverty guidelines are higher for Alaska, Hawaii, and Guam because of higher living costs in those areas.

Income poverty guidelines take into account both family size and income before deductions for income taxes, insurance premiums, bonds, etc. In using the guidelines, schools and institutions may consider both the family's income during the past 12 months and the family's current rate of income to determine which is the better indicator of the need for free and reduced-price meals and free milk.

When judging a family's income level, local administrators can also allow for specified hardship situations such as unusually high medical expenses, housing costs which exceed 30 percent of income, special education expenses due to a child's physical or mental condition, and disaster or casualty losses. In addition, children whose parents become unemployed shall be eligible for free or reduced price meals or free milk during the period of unemployment, if the loss of income causes the family income to be within the local school or institution's income eligibility criteria.

USDA Proposes Rule to Settle Food Stamp Court Case

USDA announced that food stamp recipients who contest reduction or termination of their benefits resulting from periodic eligibility reviews would continue to receive their stamp allotment until a hearing decides the issue, under new regulations proposed.

The department agreed to publish the new proposal as the first step toward settling a nationwide class action suit challenging the procedure for reducing or stopping food stamps when a household applies for food stamp re-certification. Interested persons are invited to comment on the proposal.

The suit, Basel v. Butz, was filed in October 1974 by the Food Research and Action Center in the U.S. District Court for the District of Columbia. The District Court ruled in USDA's favor, but the U.S. Court of Appeals reversed the lower court early this year.

When a household is approved for food stamps, it is certified for a specified length of time and must re-apply when this "certification period" ends. Basel v. Butz challenged regulations which require local welfare agencies to reduce or terminate food stamp benefits without notice when a household fails to meet eligibility standards during their re-certification review. Benefits are reduced or cut off even if the household asks for a hearing.

Periodic re-certification of food stamp users is necessary because it gives local agencies an opportunity to review changes in family income or resources.

The proposed rules would change the disputed procedures in two ways. First, local agencies would have to notify households one month before the certification period ends. Households would be told they must re-apply for food stamps by a certain date or be dropped from the program.

Second, benefit reductions resulting from re-certification would no longer occur without notice, and households could get continued benefits if they request a hearing. Households who meet the re-application deadline would be notified of any reduction in their benefits and be informed of their right to request a fair hearing. They would be told they must request the hearing within 10 days to get continued benefits during the proceedings. Households who meet this deadline would continue to receive their full stamp allotment until the issue is resolved.

USDA Announces New Warranties Covering Bidders on School Lunch Food Purchases

USDA announced a new set of warranties to which food processors must comply to bid on purchase contracts for the school lunch program.

These new warranties are specifically designed to ensure that only those firms which maintain high standards of production, plant sanitation and compliance with Federal food inspection and grading regulations will be awarded USDA purchase contracts.

Effective immediately, prospective bidders seeking contracts to supply meat, poultry, egg, fruit, vegetable and other food products must certify that they will:

—operate sanitary facilities in

compliance with USDA and/or Food and Drug Administration regulations.

—provide government employees with a working environment in the plant free of harassment, threats, intimidation, and verbal and physical abuse.

—adhere to facility, equipment and maintenance upgrading schedules and agreements prescribed under the meat, poultry and egg products inspection programs of USDA's Food Safety and Quality Service.

Beginning July 1, 1978, USDA will examine the past performance of all prospective bidders to decide whether a firm will be permitted to bid on food purchase contracts. Specifically, for the 12 months preceding bidding on a school lunch contract, a firm:

—must certify that neither it nor any of its officials or employees have been convicted of any violation of the appropriate food inspection or grading laws—Federal Meat Inspection Act, Poultry Products Inspection Act, Egg Products Inspection Act, Agricultural Marketing Act, or Federal Food, Drug and Cosmetic Act—or certain sections of the U.S. Criminal Code relating to bribery and false representation.

—must not have had any USDA contracts terminated due to a breach of any of the warranties now in effect.

—for meat and poultry processors only, must not have had more than one documented violation involving products in distribution channels which has been the subject of an official warning notice under the FSQS meat and poultry inspection compliance procedures.

—for meat processors only, must not have had more than two lots fail to pass the in-plant boneless meat reinspection procedures.

USDA Reports on Disaster Assistance To Pennsylvania Flood Victims

More than $2.5 million in emergency food stamps have been distributed to over 63,000 people in the six flood-stricken counties of western Pennsylvania. In addition, food donated by USDA has been used to feed as many as 45,000 people daily housed in emergency shelter sites.

In the first few days following the flood, the Department authorized Bedford, Cambria, Indiana, Somerset, Westmoreland, and Jefferson counties to issue food stamps on an emergency basis through August 20. This allows flood victims to apply for emergency food stamps through a shortened application process in which they declare their need for food stamp assistance due to cash resources or income being reduced or inaccessible because of the disaster.

An estimated 300,000 pounds of USDA commodities have been distributed thru early August to emergency shelters. According to food distribution officials at the scene, "We have more than an adequate supply of foods on hand to take care of the needs of the people." Approximately 10,000 people were being fed at 30 emergency feeding sites.

USDA commodities were drawn from warehouses where food is stored for the Department's food programs for children and the elderly. The foods being distributed include meat and poultry, vegetables, dairy products, juices and baby cereals.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1977—241-445/ERS-216

UNITED STATES DEPARTMENT OF AGRICULTURE
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NFS-161 SEPTEMBER 1977

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